



KOUKAMMA MUNICIPALITY ANNUAL BUDGET 2014- 2017

Adopted by Council 29 May 2014

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Part 1- Annual Budget

1.1 Mayor's Report

The Minister of Finance had stated in his budget speech on 26 February 2014 that the global economic outlook remains unsteady, some advanced economies have returned to growth, others continue to lag, that the world economy is still in difficulty, and global institutions are struggling to find their way. South Africa's economy had continued to grow, albeit at a slower pace than what was expected in the previous year. It was also stated that South Africa's economy is expected to grow by 2.7 per cent this year, to 3.5 per cent in 2016.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Koukamma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitable to all communities.

The 2014/15 Medium Term Revenue and Expenditure Framework and its related policies has been compiled in compliance with the Municipal Finance Management Act No. 56 of 2003 and the Municipal Budget and Reporting Regulations which are aimed at improving credibility, sustainability, transparency, accuracy and reliability of municipal budgets.

The objective of the budget formats reform is to:

1. Ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the MFMA;
2. Improve the local governments spheres' ability to deliver basic services to all-
 - Addressing issues of financial sustainability, and
 - Facilitating informed policy choices and medium term planning of service delivery by requiring targets to be aligned to achieve backlog elimination.

The 2014/15 MTREF has been prepared using realistically anticipated estimates and are guided by guidelines as per the National Treasury Budget Circulars.

The main aim of the budget is **SERVICE DELIVERY**. It is also aimed at ensuring that services are effectively and efficiently rendered in the most economical way.

A brief overview of the budget 2014/2015 is as follows:

Total operating income-R 107 939 897
Total operating expenditure – R 92 260 333
Capital Budget- R 19 884 564

The capital budget would be financed from capital grants received from the Municipal Infrastructure Grant, Municipal Disaster Recovery Grant and a small portion from Council funding.

The operating budget is extremely constrained and focuses on service delivery. The reason for this is the limiting income realistically anticipated.

Let us work together to build a better community of Koukamma thus achieving a better life for all.

**HIS WORSHIP THE MAYOR
COUNCILLOR N.S VUSO**

1.2 Council Resolutions

On the 29th of May 2014 the Council of Koukamma Local Municipality will meet in Kagiso Heights Community Hall to consider the approval of the annual budget of the municipality for the financial year 2014/15. It is recommended that Council approves and adopts the following resolutions:

1. The Council of Koukamma Local Municipality, acting in terms of Section 24 of the Municipal Finance Management Act (Act 56 of 2003) approves:
 - 1.1. The Annual Budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance(revenue and expenditure by standard classification);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/ accumulated surplus, asset management and basic service delivery targets are approved as set out in the following table:

- 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Koukamma Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act, (Act 32 of 2000) approved:
 - 2.1. The tariffs- as set out in Annexure A,
 - 2.2. The tariffs for electricity- as set out in Annexure A
 - 2.3. The tariffs for Sanitation-as set out in Annexure A
 - 2.4. The tariffs for refuse- as set out in Annexure A
 3. The Council of Koukamma, acting in terms of Section 75A of Local Government: Municipal Systems Act (Act 32 of 2000) approves the tariffs for other services as well as amendments to the budget related policies, as set out in Annexure A.
 4. To give effect to the municipality's annual budget, the Council of Koukamma Local Municipality approves that:
 - 4.1 The cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms of Regulation 8 of the Municipal Budget and Reporting Regulations, 2009(MBRR).

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 21 of the Municipal Finance Management Act deals with Municipal Budgets and describes the entire budgeting process. The Mayor is tasked with the co-ordinating the processes for preparing the budget, reviewing the Integrated Development Plan (IDP) and budget related policies. The Accounting Officer, as per Section 68 of the MFMA, is required to assist the Mayor in developing and implementing the budgetary process.

When drafting this budget, consideration was given to Section 18 of the MFMA which states that:

"An annual budget may only be funded from-

- a) Realistically anticipated revenues to be collected;

- b) Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - c) Borrowed funds, but only for the capital budget referred to in in Section 17(2)
- (2) Revenue projections in the budget must be realistic, taking into account-
- a) Projected revenue for the current year based on collection levels to date; and
 - b) Actual revenue collected in previous financial years."

Great emphasis was placed in ensuring that the budget is realistically funded. A complete analysis of the various financial scenarios and outcomes was done and the best viable solution sought.

In addition to the budget, an amendment to the Municipal Systems Act (MSA) and Chapter 4 of the MFMA require that the Integrated Development Plan (IDP) be adopted at the same time of adopting the budget. The IDP informs the budget and their simultaneous adoption will ensure that the budget is properly aligned to the IDP and ensure that planned projects are credible and that the budgets are realistic and implementable. The budget was drafted in conjunction with the IDP.

The annual budget was prepared in accordance to the National Treasury's content and format as contained in Circular 70. The two concepts considered were:

- 1) That the budget must be funded according to Section 18 of the MFMA(as mentioned above), and
- 2) That the budget must be credible.

A credible budget is described as one that:

- Funds only activities consistent with the IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality.
- Is achievable in terms of agreed service delivery and performance targets.
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions.
- Does not jeopardize the financial viability of the municipality(ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

As mentioned above, the budget was compiled taking into consideration the guidelines outlined in MFMA Budget Circular No 70 for 2014/15 financial year.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds are transferred from low-to high- priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have items' as approved by the Cabinet.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The Municipality has also adopted a conservative approach when projecting its expected revenue and cash receipts.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy
- Ageing and poorly maintained roads and electricity and water infrastructure.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality'
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents,
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget adopted as upper limits for new baselines for the 2014/15 and annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to National and Provincial funded projects unless the necessary grants to the municipality are reflected in the National and Provincial budget and have been gazetted as required by the annual Division of Revenue Act (Dora) or MTBPS.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium Term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2014/15 MTREF

R Thousand	Adjustment Budget 2013/2014	Budget Year 2014/2015	Budget Year +1 2015/2016	Budget Year + 2016/2017
Total Operating Revenue	118 052 158	87 548 897	90 572 625	96 394 521
Total Operating Expenditure	120 927 065	92 260 333	95 540 103	101 635 655
Surplus/Deficit	-2 874 907	-4 711 436	-4 967 477	-5 241 134
Total Capital Transfers	30 388 061	20 391 000	15 123 000	15 612 000
Capital Expenditure	31 459 237	19 884 564	14 612 573	15 091 866
Surplus/Deficit for the year	- R 3 946 083	- R 4 205 000	- R 4 457 050	-R 4 721 000

Total operating revenue has decreased by 25 per cent or R30 503 261 for the 2014/15 financial year compared to the 2013/14 Adjustments Budget. This is mainly due to the fact the municipality did not budget for the Housing Rectification grant from EC human settlements because no communication has yet been received in terms of funds to be allocated to Koukamma Municipality. For the two outer years, operational revenue for rates and services will increase by 6 % and 6 % respectively.

Total operating expenditure for the 2014/15 financial year has been appropriated at R92 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has decreased by 23 per cent in the 2014/15 budget. This is mainly due to the housing rectification grant expenditure from EC Human Settlements not included in the budget as well as reducing certain operating expenditure items over budgeted within the adjustments budget. Operating Expenditure will increase by 6% and 6 % for each of the respective outer years of the MTREF.

1.4 Operating Revenue Framework

For Koukamma to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges and a 98 per cent collection rate for electricity revenue.
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/ calculating the revenue requirement of each service;
- The municipality's Property Rates Act, 2004 (Act No. 6 of 2004) (MPRA)
- Increase ability to extend new services and recover costs.
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff Policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source)

Table 2 Summary of revenue classified by main revenue source

Description				Current Year 2013/14			2014/15 Medium Term Revenue and Expenditure Framework		
				Original Budget	Adjusted budget	Full year Forecast	Budget year 2014/15	Budget year +1 2015/16	Budget year +2 2016/17
R thousand	2010/11	2011/12	2012/13						
Revenue by Source									
Property Rates	7 943	11 156	13 443	14 396	14 396	14 396	15 259	16 175	17 145
Property rates - penalties & collection Charges									
Service charges - electricity Revenue	14 555	15 962	1 677	2038	1 784	1 784	1 916	2 031	2 152
Service charges - refuse revenue			2 952	3 452	3 452	3 452	3 659	3 878	4 111
Rental of facilities and equipment	157	85	131	108	137	137	143	151	160
Interest earned - external investments	2 015	955	597	705	653	653	681	722	766
Interest earned - outstanding debtors				500	0	0			
Sewerage and Water Tariffs			13 055	15 418	16 084	16 084	17 049	18 072	19 156
Fines/Agency Fees	1 752	1 622	1 848	8 000	2 580	2 580	2 762	2 927	3 103
Licence and permits	1	0		161	2	2	7	8	8
Transfers Recognised – operational	35 715	55 538	74 523	58 653	85 355	85 355	37 662	41 529	43 430
Other revenue	6 303	1 853	1 736	4 559	10 474	10 474	7 411	5 079	6 362
Total Revenue (excluding capital transfers and contributions)	68 440	87 171	109 961	107 989	134916	134916	86 549	90 572	96 393

Table 3 Percentage growth in revenue by main revenue source

Description	2014/15 Medium Term revenue and Expenditure framework						
	Adjusted budget	%	Budget year 2014/15	% 2014/15	Budget year + 2015/16	% 2015/16	Budget year +2 2016/17
R thousand							
Revenue by source							
Property rates	14 396	6	15 259	6	16 175	6	17 145
Sewerage and Water tariff	16 084	6	17 049	6	18 072	6	19 156
Service charges - electricity revenue	1 784	7.39	1 916	6	2 031	6	2 152
Service charges - refuse revenue	3 452	6	3 659	6	3 878	6	4 111
Rental of Facilities and equipment	137	4.38	143	5.6	151	5.6	160
Interest earned - external investment	653	4.29	681	6	722	6	766
Interest earned outstanding debtors							
Agency Fees	1 980	7.37	2 126	6	2 253	6	2 388
Fines	600	6	636	6	674	6	715
Licences and permits	2	250	7	14	8	0	8
Transfers recognised – operational	85 355	-56	37 662	10	41 529	4.6	43 430
Other revenue	10 474	-29	7 411	-31	5 079	25	6 362
Total revenue (excluding capital transfers)	134 916		86 549		90 572		96 393

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket of the Municipality. Rates and service charge revenues comprises more than one third of the total revenue mix. In the 2013/14 financial year, revenue from rates and services charges is estimated to total R35 716 million. This increases to R37 883 million in the 2014/15 year, R40 156 million 2015/16 and R42 565 million 2016/17 million in the respective financial years of the MTREF.

Electricity revenue comprises 2% of total operating income. It is proposed that the tariffs for electricity increase by 7.39 % year on year in order to achieve a gross percentage that is in line with the NERSA guideline of 30% over a four year period.

Property rates is the second largest revenue source totalling 17 per cent or R15 259 million rand of total operating revenue and increases to R17 145 million by 2016/17. Income from operating grants that have been gazetted as per the Division of Revenue Act. Operating grants will equal R37 662 million for 2014/15. The other item contributing to revenue is "other income" which consists of various items such as income received from permits and licences, building plan fees, connection fees, valuation and clearance certificates, photocopies and other sundry income. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers total R41 529 million in the 2015/16 financial year and steadily increase to R43 430 million by 2016/17.

The following tables give a breakdown of the various operating grants and capital subsidies allocated to the municipality over the medium term:

The figures hereunder are from the Current DoRA Bill 2014

Table 4 Operating and Capital Grants Receipts

DETAILS

Capital Grants	Source of Funding	2014/2015	2015/2016	2016/2017
MIG - Municipal Infrastructure Grant	COGTA National	14 765,000	15 123.000	15,612,000
Public Works - Fire Services	Public Works			
Disaster Recovery Grant		5, 626,000		
Total Capital Grants		R 20 391 000	R 15 123 000	R 15 612 000
Operational Grants				
Equitable Share	National Treasury	31, 848,000	35,444,000	37,159,000
Councillors Remuneration and Ward Committees	National Treasury	2,036,000	2,126,000	2,221,000
FMG	National Treasury	1,800,000	1,950,000	2,100,000
MSIG	COGTA - National	934,000	967,000	1 018,000
Expanded Public Works	Public Works	1,000,000		
LED Assistance	Local Government and Traditional Affairs-Provincial	112 000	110 000	
Library Subsidies	Department of Sports-Provincial	932 000	932 000	932 000
Total Operating Grants		R 38 662 000	R 41 529 000	R 43 430 000

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of the Eskom electricity tariffs are beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement, stationary, legal fees etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariff levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows:

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the ratio for the non-residential categories, Public Service Infrastructure and agricultural properties relative to residential properties to be 0,251:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

In terms of the Municipal Property Rates Act, property valuations need to be assessed every four years for inclusion in the General Valuation Roll. There have been no major changes to the rates tariffs for 2014/15. The General Valuation of all Properties in Koukamma is still on-going and has not been completed yet. The categories of rateable properties for the purpose of levying rates and the proposed rates for 2014/15 are contained in the table below.

Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year

Tariffs are attached as a separate appendix to the report.

1.4.2 Sale of Electricity and Impact of Tariff Increases

Considering the Eskom increases and the current gross profit percentages for the electricity business unit, the consumer tariff is proposed to be increased to result in an overall increase in electricity income of 7.39 per cent from 1 July 2014.

Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30 day period free of charge. It should further be noted in a meeting in April 2013 with the delegation from the NERSA the Municipality was advised that a stepped tariff structure needs to be implemented from 1 July 2013. Until the discussions are concluded, the Municipality will maintain the current structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the outer and inner Municipality reticulation network was designed or strengthened many years ago with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff- as the resultant tariff increases would be unaffordable for consumers.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and repairs and maintenance(Ref to page 17 of Circular 70 for completion of Table A9)
- Balanced budget constrain (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the assets renewal and backlogs eradication.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and
- Strict adherence to the principle of no project plan, no budget. If there is no business plan, no funding allocation can be made

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure)

Table 7 Summary of operating expenditure by standard classification item

	Audited	Audited	Audited	Current Year 2014/15				2014/15 Medium Term Revenue & Expenditure Framework	
Description	2010/11	2011/12	2012/13	Original Budget	Adjusted Budget	Full Year Forecast	Budget year 2014/15	Budget year +1 2015/16	Budget year +2 2016/17
R Thousands									
Expenditure by Type									
Employee related cost	20 806	26 994	30 799	36 232	32 663	32 663	34 214	36 403	38 730
Remuneration of councillors and Ward Committees	2 042	2 289	2 539	2 769	2 769	2 769	2 907	3 082	3 266
Debit impairment	13 567	-9441	19 001	2 580	10 313	10 313	9 313	9 872	10 465
Depreciation & asset impairment	10 150	11 272	19 854	3 964	3 946	3 946	4 205	4 457	4 721
Finance charges	158	705	466	150	50	50	185	196	208
Bulk Purchases	1 744	2 022	2 579	4 256	2 847	2 847	2 087	2 212	2 345
Contracted services	1 538	1 864	2 854	3 539	2 952	2 952	3 185	3 267	3 353
Transfers and grants – FBE									
General Expenses	8 424	13 019	21 276	20 892	18 721	18 721	18 591	18 557	20 173
Transfer & Grants-Conditional	24 919	38 278	39 009	15 684	46 666	46 666	17 572	17 495	18 375
Total Expenditures	83 346	87 002	138 376	90 066	120 927	120 927	92 260	95 540	101 636

The budgeted allocation for employee related costs for the 2014/15 financial year totals R34 214 million, which equals 37 per cent of the total operating expenditure. Circular 70 guidelines have been implemented with regards to the increase in salaries and that has been set at 6.79 per cent for the 2014/15 financial year. The effective increase of salaries is 7 per cent.

The cost associated with the Remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent Proclamation in this regard has been taken into account in compiling the municipality's budget.

The provision of debt impairment was determined based on an annual collection rate. While the expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy.

Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 4 205 for the 2014/15 financial year and equate to 4.5 per cent of the total expenditure. Note that the implementation of GRAP 17 Accounting Standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of materials for maintenance. In line with the Municipality's repairs and maintenance the expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

The following are the main expenditure categories for 2014/15 financial year:

- Employee related costs
- Remuneration of Councillors
- Debt impairment
- Depreciation and Asset Impairment
- Finance Charges
- Bulk Purchases
- Other Materials
- Contracted Services
- Transfers and grants
- Other Expenditure.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2014/15 budget and MTREF provide the extensive growth in the area of asset maintenance, as informed by repairs and maintenance of the Municipality. In terms of the Municipal Budget and reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Table 8 Operational repairs and maintenance

	Audit	Audit	Audit	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure framework	
Description	2010/11	2011/12	2012/13	Original Budget	Adjusted Budget	Full year forecast	Budget Year +1 2014/15	Budget Year +1 2015/16	Budget year +2 2016/17
Repairs and Maintenance by Expenditure item	806	3 282	1 350	1 824	1 067	1 067	1 218	1 291	1 868
Employee related costs									
Other materials									
Contracted Services									
Total Repairs and Maintenance Expenditure	806	3 282	1 350	1 824	1 067	1 067	1 218	1 291	1 868

1.5.2 Free Basic Services: Basic Welfare Package

The welfare package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services that households are required to register in terms of the Municipality's Indigent Policy. The estimates for the 2014/15 for free basic services are seen in table 7 under the heading transfers and grants and are estimated to be R8 129 million for the 2014/15 financial year. It is made up of the 50kWh free electricity, refuse, sanitation; 6kl free water, grave site as well as rebates on rates.

1.5 Capital Expenditure

Capital expenditure for the next three years is funded by Grants from National Treasury and a small portion out of Council funding. This is due to significant constraints of Council funds as highlighted in the sections above and the significant impact that the increase in the bulk electricity tariffs had on the cash flow of the municipality. The Capital Grants to be received are highlighted in the Executive Summary above.

1.6.1 Future Operational cost of new infrastructure

The future operational costs and revenues associated with the Capital Programme have been considered and this expenditure has been factored into two outer years of the operational budget.

1.6 Annual Budget tables

The following pages present the ten budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations (MBRR). These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by self-explanatory notes.

Table 9 MBRR Table A1- Budget Summary

EC109 Kou-Kamma - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	7,943	10,718	13,443	14,896	14,396	14,396	-	15,259	16,175	17,145
Service charges	14,555	15,957	17,684	20,907	21,320	21,320	-	22,624	23,981	25,420
Investment revenue	2,015	955	597	705	653	653	-	681	722	766
Transfers recognised - operational	35,713	74,637	74,523	58,653	85,355	85,355	-	59,053	56,652	59,042
Other own revenue	8,213	3,682	3,714	12,828	13,193	13,193	-	10,323	8,186	9,634
Total Revenue (excluding capital transfers and contributions)	68,440	105,949	109,961	107,989	134,916	134,916	-	107,940	105,696	112,007
Employee costs	20,806	27,382	30,799	36,232	32,663	32,663	-	34,214	38,403	38,730
Remuneration of councillors	2,042	2,289	2,539	2,769	2,769	2,769	-	2,907	3,082	3,266
Depreciation & asset impairment	10,150	17,880	19,854	3,964	3,946	3,946	-	4,205	4,457	4,721
Finance charges	158	770	466	150	50	50	-	185	186	208
Materials and bulk purchases	2,582	2,128	2,579	4,258	2,847	2,847	-	2,087	2,212	2,345
Transfers and grants	24,919	38,278	39,009	15,683	46,665	46,665	-	17,572	17,495	18,375
Other expenditure	22,691	8,886	43,131	27,012	31,987	31,987	-	31,090	31,666	33,990
Total Expenditure	63,346	96,813	136,376	90,066	120,927	120,927	-	92,280	95,540	101,638
Surplus/(Deficit)	(14,906)	7,336	(28,415)	17,922	13,989	13,989	-	15,660	10,156	10,371
Transfers recognised - capital	58,680	-	-	-	13,524	13,524	-	-	-	-
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	41,773	7,336	(28,415)	17,922	27,513	27,513	-	15,660	10,156	10,371
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	41,773	7,336	(28,415)	17,922	27,513	27,513	-	15,660	10,156	10,371
Capital expenditure & funds sources										
Capital expenditure	24,927	16,481	11,669	21,887	31,459	31,459	-	19,885	14,613	15,092
Transfers recognised - capital	24,927	16,167	11,418	21,021	29,545	29,545	-	19,853	14,367	14,831
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	314	251	866	1,914	1,914	-	232	246	260
Total sources of capital funds	24,927	16,481	11,669	21,887	31,459	31,459	-	19,885	14,613	15,092
Financial position										
Total current assets	21,826	35,211	22,235	29,259	29,259	29,259	-	30,343	32,183	34,093
Total non current assets	238,783	325,079	316,431	243,342	243,342	243,342	-	258,529	275,432	281,958
Total current liabilities	13,600	16,696	23,688	63,237	63,237	63,237	-	64,320	89,571	73,745
Total non current liabilities	2,073	3,066	2,865	1,224	1,224	1,224	-	1,224	1,296	1,375
Community wealth/Equity	244,936	340,528	312,113	208,140	208,140	208,140	-	223,327	236,727	250,930
Cash flows										
Net cash from (used) operating	28,914	2,494	10,995	17,801	17,801	17,801	-	24,891	28,385	27,967
Net cash from (used) investing	(24,649)	(13,209)	(10,690)	(17,801)	(17,801)	(17,801)	-	(24,891)	(28,384)	(27,968)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	15,980	5,265	5,571	(0)	(0)	(0)	-	5,571	5,571	5,571
Cash backing/surplus reconciliation										
Cash and investments available	15,980	5,265	5,571	20,115	20,115	20,115	-	16,524	17,516	18,567
Application of cash and investments	5,696	(532)	10,377	51,930	51,636	51,636	-	51,276	55,161	58,684
Balance - surplus (shortfall)	10,284	5,798	(4,806)	(31,815)	(31,521)	(31,521)	-	(34,751)	(37,645)	(40,117)
Asset management										
Asset register summary (WDV)	25,961	26,087	26,080	553	553	553	553	553	586	621
Depreciation & asset impairment	10,150	17,880	19,854	3,964	3,946	3,946	4,205	4,205	4,457	4,721
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	838	3,282	1,350	1,824	1,067	1,067	1,218	1,218	1,291	1,668
Free services										
Cost of Free Basic Services provided	-	-	-	4,601	4,601	4,601	4,877	4,877	5,170	5,480
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory Notes to MBRR Table A1- Budget Summary

1. Table A1 is a budget summary and concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total expenditure) over the MTREF.
 - b. Capital expenditure is balanced by Capital Funding sources, of which
 - i. Transfers recognised are reflected on the Financial Performance Budget.
4. The Cash backing/surplus reconciliation shows that the budget has been funded and that this situation is improving year on year resulting in increased working capital.
5. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs

Table 10 MBRR Table A2- Budgeted Financial Performance (revenue and expenditure by standard classification)

EC109 Kou-Kamma - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	40,974	22,972	42,563	46,076	48,766	48,766	51,491	54,270	58,227
Executive and council	-	2,166	22,402	23,705	23,809	23,809	25,943	28,732	30,115
Budget and treasury office	40,170	19,444	20,107	22,355	22,908	22,908	25,498	25,485	28,056
Corporate services	803	1,361	55	17	2,049	2,049	50	53	56
<i>Community and public safety</i>	60,962	54,956	29,440	11,754	42,491	42,491	9,065	1,798	1,850
Community and social services	956	2,404	3,994	2,154	2,102	2,102	2,113	1,124	1,135
Sport and recreation	1,502	1,546	-	-	-	-	-	-	-
Public safety	1,282	2,402	486	9,600	10,389	10,389	6,952	674	715
Housing	542	29,503	24,961	-	30,000	30,000	-	-	-
Health	56,680	19,100	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	1,775	9,223	8,334	5,956	5,001	5,001	3,068	3,217	3,273
Planning and development	122	2,418	401	297	429	429	205	208	104
Road transport	1,653	6,805	7,933	4,843	3,756	3,756	2,864	3,009	3,169
Environmental protection	-	-	-	816	816	816	-	-	-
<i>Trading services</i>	21,409	18,798	29,624	44,203	52,181	52,181	44,315	46,410	48,657
Electricity	-	3,723	4,129	3,137	2,862	2,862	4,782	5,220	5,497
Water	9,375	4,149	15,056	25,764	33,829	33,829	26,743	27,554	28,726
Waste water management	8,887	7,573	7,092	10,549	10,744	10,744	9,320	9,936	10,519
Waste management	3,147	3,354	3,346	4,752	4,745	4,745	3,470	3,700	3,916
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	125,119	105,949	109,961	107,989	148,440	148,440	107,940	105,696	112,007
Expenditure - Standard									
<i>Governance and administration</i>	24,654	(35,392)	40,316	38,089	35,541	35,541	36,938	37,977	40,235
Executive and council	4,511	7,857	6,882	7,790	7,249	7,249	7,657	8,132	8,636
Budget and treasury office	19,744	(44,108)	18,763	17,336	16,094	16,094	16,545	17,580	18,686
Corporate services	399	858	14,671	12,964	12,198	12,198	12,736	12,265	12,912
<i>Community and public safety</i>	15,667	35,567	33,122	10,128	39,306	39,306	9,721	9,215	9,741
Community and social services	2,422	3,205	4,931	5,460	5,073	5,073	5,243	4,454	4,677
Sport and recreation	301	73	69	143	73	73	89	94	100
Public safety	2,676	2,908	3,466	4,181	3,857	3,857	4,065	4,323	4,597
Housing	10,264	29,375	24,655	344	30,304	30,304	324	345	367
Health	4	6	1	-	-	-	-	-	-
<i>Economic and environmental services</i>	23,198	18,694	6,949	8,558	8,180	8,180	7,550	7,989	8,852
Planning and development	1,116	3,952	1,670	1,938	2,123	2,123	1,989	2,107	2,124
Road transport	22,082	14,742	5,279	5,807	5,245	5,245	5,561	5,882	6,728
Environmental protection	-	-	-	813	813	813	-	-	-
<i>Trading services</i>	19,827	79,744	57,990	33,291	37,899	37,899	38,050	40,359	42,808
Electricity	2,991	2,469	5,075	6,845	5,340	5,340	5,777	6,125	6,494
Water	7,115	69,009	34,064	11,649	14,682	14,682	14,257	15,127	16,049
Waste water management	5,611	4,669	11,778	7,848	9,831	9,831	10,309	10,933	11,595
Waste management	4,110	3,597	7,072	6,749	8,047	8,047	7,706	8,174	8,670
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	83,346	96,613	138,376	90,066	120,927	120,927	92,260	95,540	101,636
Surplus/(Deficit) for the year	41,773	7,336	(28,415)	17,922	27,513	27,513	15,680	10,156	10,371

**Explanatory notes to MBRR Table A2- Budgeted Financial Performance
(revenue and expenditure by standard)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised- capital) and balances to the operating revenue shown on Table A4.
3. Note that as general principle the revenues for Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Governance and Administration.

Table 11 MBRR Table A3-Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC109 Kou-Kamma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote									
Vote 1 - EXECUTIVE & COUNCIL	803	3,528	22,456	23,721	23,858	23,858	25,993	28,786	30,171
Vote 2 - FINANCE & ADMINISTRATION	40,170	19,329	20,107	22,355	24,908	24,908	25,498	25,485	28,056
Vote 3 - PLANNING & DEVELOPMENT	122	2,418	401	297	429	429	205	208	104
Vote 4 - HEALTH	-	-	-	816	816	816	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES	956	2,404	3,894	2,154	2,102	2,102	2,113	1,124	1,135
Vote 6 - HOUSING	542	29,503	24,961	-	30,000	30,000	-	-	-
Vote 7 - PUBLIC SAFETY	1,282	2,402	486	9,600	10,389	10,389	6,952	674	715
Vote 8 - SPORT & RECREATION	1,502	1,546	-	-	-	-	-	-	-
Vote 9 - ENVIRONMENTAL PROTECTION	-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT	3,147	3,348	3,346	4,752	4,745	4,745	4,123	4,395	4,652
Vote 11 - WASTE WATER MANAGEMENT	6,887	7,573	7,092	10,549	10,744	10,744	9,320	9,936	10,519
Vote 12 - ROAD TRANSPORT	1,653	6,805	7,833	4,843	3,756	3,756	2,864	3,009	3,189
Vote 13 - WATER	9,375	4,149	15,056	25,784	33,829	33,829	26,090	26,859	27,989
Vote 14 - ELECTRICITY	-	3,723	4,129	3,137	2,862	2,862	4,782	5,220	5,497
Vote 15 - OTHER	56,679	19,221	-	-	-	-	-	-	-
Total Revenue by Vote	125,119	105,949	109,961	107,989	148,440	148,440	107,940	105,696	112,007
Expenditure by Vote to be appropriated									
Vote 1 - EXECUTIVE & COUNCIL	4,910	8,718	16,315	9,022	8,587	8,597	9,086	9,652	10,253
Vote 2 - FINANCE & ADMINISTRATION	19,744	(44,108)	24,001	29,067	26,944	26,944	27,853	28,325	29,982
Vote 3 - PLANNING & DEVELOPMENT	1,116	3,952	1,670	1,938	2,123	2,123	1,989	2,107	2,124
Vote 4 - HEALTH	4	6	1	813	813	813	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES	2,422	3,205	4,931	5,460	5,073	5,073	5,243	4,454	4,677
Vote 6 - HOUSING	10,264	29,375	24,655	344	30,304	30,304	324	345	367
Vote 7 - PUBLIC SAFETY	2,676	2,908	3,466	4,181	3,857	3,857	4,065	4,323	4,597
Vote 8 - SPORT & RECREATION	301	73	69	143	73	73	89	94	100
Vote 9 - ENVIRONMENTAL PROTECTION	-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT	4,110	3,597	7,072	6,749	8,047	8,047	8,360	8,889	9,406
Vote 11 - WASTE WATER MANAGEMENT	5,611	4,669	11,778	7,848	9,831	9,831	10,309	10,933	11,595
Vote 12 - ROAD TRANSPORT	13,357	3,131	5,279	5,807	5,245	5,245	5,561	5,882	6,728
Vote 13 - WATER	7,115	69,009	34,064	11,849	14,682	14,682	13,604	14,432	15,313
Vote 14 - ELECTRICITY	2,981	2,469	5,075	6,845	5,340	5,340	5,777	6,125	6,494
Vote 15 - OTHER	8,725	11,611	-	-	-	-	-	-	-
Total Expenditure by Vote	83,346	98,613	138,376	90,066	120,927	120,927	92,260	95,540	101,636
Surplus/(Deficit) for the year	41,773	7,336	(28,415)	17,922	27,513	27,513	15,680	10,156	10,371

Explanatory notes to Table A3- Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is the view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of vote.

Table 12 MBRR Table A4- Budgeted Financial Performance (revenue and expenditure)

EC109 Kou-Kamma - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	7,943	10,718	13,443	14,396	14,396	14,396	-	15,269	16,175	17,145
Property rates - penalties & collection charges				500						
Service charges - electricity revenue	14,555	1,507	1,677	2,038	1,784	1,784	-	1,916	2,031	2,152
Service charges - water revenue	-	6,227	6,872	7,838	8,318	8,318	-	8,818	9,347	9,907
Service charges - sanitation revenue	-	5,537	6,183	7,580	7,766	7,766	-	8,231	8,725	9,249
Service charges - refuse revenue	-	2,085	2,952	3,452	3,452	3,452	-	3,659	3,878	4,111
Service charges - other										
Rental of facilities and equipment	157	85	131	108	137	137		143	151	160
Interest earned - external investments	2,015	855	597	705	653	653		681	722	766
Interest earned - outstanding debtors										
Dividends received										
Fines	287	194	486	4,000	600	600		636	674	715
Licences and permits	1			161	2	2		7	8	8
Agency services	1,465	1,428	1,362	4,000	1,980	1,980		2,126	2,253	2,388
Transfers recognised - operational	35,713	74,637	74,523	58,653	85,355	85,355		59,053	56,852	59,042
Other revenue	6,303	1,729	1,736	4,559	8,474	8,474	-	7,411	5,079	6,362
Gains on disposal of PPE		245			2,000	2,000				
Total Revenue (excluding capital transfers and contributions)	68,440	105,948	109,961	107,989	134,916	134,916	-	107,940	105,696	112,007
Expenditure By Type										
Employee related costs	20,806	27,382	30,799	36,232	32,683	32,683	-	34,214	36,403	38,730
Remuneration of councillors	2,042	2,289	2,539	2,769	2,769	2,769		2,907	3,082	3,266
Debt impairment	13,567	(7,984)	19,001	2,580	10,313	10,313		9,313	9,872	10,465
Depreciation & asset impairment	10,150	17,880	19,854	3,964	3,946	3,946	-	4,205	4,457	4,721
Finance charges	158	770	466	150	50	50		185	196	208
Bulk purchases	1,744	2,128	2,579	4,256	2,847	2,847	-	2,087	2,212	2,345
Other materials	838									
Contracted services	1,538	1,804	2,854	3,539	2,952	2,952	-	3,185	3,267	3,353
Transfers and grants	24,919	38,278	39,009	15,683	46,665	46,665	-	17,572	17,495	18,375
Other expenditure	7,586	16,006	20,812	20,892	18,721	18,721	-	16,591	18,557	20,173
Loss on disposal of PPE			464							
Total Expenditure	83,346	98,613	138,378	90,066	120,927	120,927	-	92,260	95,540	101,636
Surplus/(Deficit)	(14,906)	7,336	(28,415)	17,922	13,989	13,989	-	15,680	10,156	10,371
Transfers recognised - capital	56,680				13,524	13,524				
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions	41,773	7,336	(28,415)	17,922	27,513	27,513	-	15,680	10,156	10,371
Taxation										
Surplus/(Deficit) after taxation	41,773	7,336	(28,415)	17,922	27,513	27,513	-	15,680	10,156	10,371
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	41,773	7,336	(28,415)	17,922	27,513	27,513	-	15,680	10,156	10,371
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	41,773	7,336	(28,415)	17,922	27,513	27,513	-	15,680	10,156	10,371

Explanatory notes to A4- Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R107 940 million in 2014/15 and R105 695 million by 2015/16.
2. Revenue to be generated from property rates is R15 259 million in the 2014/15 financial year and increases to R16 175 million by 2015/16 which represents 14 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity refuse removal, water consumption and sanitation constitutes the second largest component of revenue basket of the Municipality totalling R22 624million for the 2014/15 financial year and increasing to R23 981 million by 2015/16.
4. Transfers recognised- operating includes the local government equitable share and other operating grants from National and Provincial Government. It needs to be noted that in real terms the Grants from National Government are growing rapidly over the MTREF. Revenue from grant funding remains the largest source of municipal income.
5. Bulk purchases have significantly increased over the 2010/11 to 2016/17. These increases can be attributed to the substantial increase in the cost of the bulk electricity from Eskom. Eskom tariff relating to bulk purchases for 2014/2015 is to increase by 8.06percent.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 13 MMRR Table A5- Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard										
Governance and administration	990	446	191	287	204	204	-	92	97	103
Executive and council	990		39	27	17	17		18	19	20
Budget and treasury office		146	40	130	114	114		14	14	15
Corporate services		300	113	130	74	74		80	84	87
Community and public safety	-	97	716	5,246	9,089	9,089	-	5,641	16	17
Community and social services		37	696	10	8,439	8,439				
Sport and recreation		24	20							
Public safety		35		5,236	650	650		5,641	16	17
Housing										
Health										
Economic and environmental services	23,937	202	582	204	937	937	-	-	-	-
Planning and development										
Road transport	23,937	202	582	200	933	933				
Environmental protection				4	4	4				
Trading services	-	15,737	10,179	18,151	21,230	21,230	-	14,152	14,500	14,972
Electricity		61								
Water		13,011	10,178	18,021	21,106	21,106		14,127	14,473	14,944
Waste water management		2,654		100	100	100				
Waste management			1	30	24	24		25	27	28
Other										
Total Capital Expenditure - Standard	24,927	16,481	11,669	21,687	31,459	31,459	-	19,885	14,613	15,092
Funded by:										
National Government	24,927	16,146	10,739	18,021	29,545	29,545		19,653	14,367	14,831
Provincial Government			679	5,000						
District Municipality		21								
Other transfers and grants										
Transfers recognised - capital	24,927	16,167	11,418	21,021	29,545	29,545	-	19,653	14,367	14,831
Public contributions & donations										
Borrowing										
Internally generated funds		314	251	866	1,914	1,914		232	246	260
Total Capital Funding	24,927	16,481	11,669	21,687	31,459	31,459	-	19,885	14,613	15,092

**Explanatory notes to Table A5- Budgeted Capital Expenditure by vote,
standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from National and Provincial Departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multiyear appropriations have been budgeted for.
3. Single-year capital expenditure has been appropriated at R19 885 million, for the 2014/15 financial year and remains relatively constant over the MTREF at levels of R14 613 million and R15 092 million respectively for the two outer years.
4. Unlike multi- year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The Capital Programme is funded from National and Provincial Grants and Transfers. From 2014/15, Capital Transfers totals R20 391 million. The MIG allocation for the 2014/15 MTREF is R14 765 000 and the Disaster Recovery Grant equals R5 626 000.

Table 14 MBRR Table A6- Budgeted Financial Position

EC109 Kou-Kamma - Table A6 Budgeted Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
ASSETS										
Current assets										
Cash	9,350	5,265	5,571	115	115	115		524	556	569
Call investment deposits	6,630	-	-	20,000	20,000	20,000	-	16,000	16,960	17,976
Consumer debtors	4,286	15,264	12,038	9,144	9,144	9,144	-	13,818	14,647	15,526
Other debtors	847	2,789	234							
Current portion of long-term receivables	713	11,358	3,545							
Inventory		535	847							
Total current assets	21,826	35,211	22,235	29,259	29,259	29,259	-	30,343	32,163	34,093
Non current assets										
Long-term receivables										
Investments										
Investment property	25,468	25,439	25,411	29	29	29		29	31	33
Investment in Associate										
Property, plant and equipment	212,823	298,992	290,350	242,789	242,789	242,789	-	257,976	273,454	289,861
Agricultural										
Biological										
Intangible	493	647	669	524	524	524		524	555	569
Other non-current assets									1,392	1,476
Total non current assets	238,783	325,079	316,431	243,342	243,342	243,342	-	258,529	275,432	291,958
TOTAL ASSETS	260,609	360,290	338,666	272,601	272,601	272,601	-	288,871	307,595	326,051
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	-	194	260	-	-	-	-	-	-	-
Consumer deposits	105	105	105	123	123	123		134	142	150
Trade and other payables	13,403	15,831	22,849	63,022	63,022	63,022	-	64,094	68,332	73,491
Provisions	92	567	673	92	92	92		92	98	104
Total current liabilities	13,600	16,696	23,688	63,237	63,237	63,237	-	64,320	68,571	73,745
Non current liabilities										
Borrowing	-	-	-	-	-	-	-	-	-	-
Provisions	2,073	3,066	2,865	1,224	1,224	1,224	-	1,224	1,298	1,375
Total non current liabilities	2,073	3,066	2,865	1,224	1,224	1,224	-	1,224	1,298	1,375
TOTAL LIABILITIES	15,673	19,762	26,552	64,461	64,461	64,461	-	65,544	70,869	75,121
NET ASSETS	244,936	340,528	312,113	208,140	208,140	208,140	-	223,327	236,727	250,930
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	244,936	340,528	312,113	221,940	221,940	221,940		237,915	252,190	267,322
Reserves	-	-	-	(13,800)	(13,800)	(13,800)	-	(14,588)	(15,464)	(16,392)
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	244,936	340,528	312,113	208,140	208,140	208,140	-	223,327	236,727	250,930

Explanatory notes to Table A6- Budgeted Financial Position

- Table A6 is consistent with International Standards of good financial management practice, and improves understandability for Councillors and management of the impact of the budget on the Statement of Financial Position (Balance Sheet).
- This format of presenting the Statement of Financial Position is aligned to GRAP 1, which is generally aligned to the International version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 14 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, Plant and Equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the Community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance **assessment** is informed directly by forecasting the statement of financial position.

Table 15 MBRR Table A7- Budgeted Cash Flow Statement

EC109 Kou-Kamma - Table A7 Budgeted Cash Flows

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	30,712	27,294	34,841	42,682	42,682	42,682		33,383	35,366	37,509
Government - operating	91,241	71,385	74,523	35,274	35,274	35,274		38,550	40,217	42,488
Government - capital				17,801	17,801	17,801		20,391	15,123	15,612
Interest	2,015	955	597	1,271	1,271	1,271		633	671	711
Dividends										
Payments										
Suppliers and employees	(52,605)	(96,369)	(98,500)	(67,680)	(67,680)	(67,680)		(62,995)	(59,637)	(62,665)
Finance charges	(158)	(770)	(466)	(172)	(172)	(172)		(405)	(429)	(455)
Transfers and Grants	(41,291)			(11,375)	(11,375)	(11,375)		(4,666)	(4,946)	(5,243)
NET CASH FROM/(USED) OPERATING ACTIVITIES	29,914	2,494	10,995	17,801	17,801	17,801	-	24,891	26,365	27,967
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2,067	166							
Decrease (Increase) in non-current debtors		(980)	980					(4,500)	(4,770)	(5,056)
Decrease (Increase) other non-current receivables										
Decrease (Increase) in non-current investments										
Payments										
Capital assets	(24,549)	(14,286)	(11,835)	(17,801)	(17,801)	(17,801)		(20,391)	(21,614)	(22,911)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(24,549)	(13,209)	(10,690)	(17,801)	(17,801)	(17,801)	-	(24,891)	(26,364)	(27,968)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	5,265	(10,715)	306	(0)	(0)	(0)	-	(0)	0	(0)
Cash/cash equivalents at the year begin:	10,715	15,980	5,265					5,571	5,571	5,571
Cash/cash equivalents at the year end:	15,980	5,265	5,571	(0)	(0)	(0)	-	5,571	5,571	5,571

Explanatory notes to Table A7- Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash inflow versus cash out-flow that is likely to result from the implementation of the budget.

Table 16 MBRR Table A8- Budgeted Cash Backed Reserves

EC109 Kou-Kamma - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available										
Cash/cash equivalents at the year end	15,990	5,265	5,571	(0)	(0)	(0)	-	5,571	5,571	5,571
Other current investments > 90 days	-	-	-	20,115	20,115	20,115	-	10,954	11,945	12,996
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	15,990	5,265	5,571	20,115	20,115	20,115	-	16,524	17,516	18,567
Application of cash and investments										
Unspent conditional transfers	4,515	515	5,602	45,146	45,146	45,146	-	45,146	47,854	50,726
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	1,181	(975)	4,775	6,785	6,491	6,491	-	6,258	7,459	8,114
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	5,696	(359)	10,377	51,930	51,636	51,636	-	51,404	55,313	58,838
Surplus(shortfall)	10,284	5,625	(4,806)	(31,815)	(31,521)	(31,521)	-	(34,878)	(37,797)	(40,272)

Explanatory notes to Table A8- Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42- Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicative of non-compliance with MFMA requirements that the municipality's budget must be 'funded'
4. Non-compliance with Section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of Section 18 of the MFMA, it can be concluded that the proposed 2014/15 MTREF was sufficiently funded owing to the increased reserves.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget was funded and aligned to section 18 of the MFMA.

EC109 Kou-Kamma - Table A9 Asset Management

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE									
Total New Assets	24,927	16,481	11,669	21,887	31,459	31,459	19,885	14,613	15,092
Infrastructure - Road transport	23,937	202	-	200	8,554	8,554	5,626	-	-
Infrastructure - Electricity	-	61	-	-	-	-	-	-	-
Infrastructure - Water	-	13,011	10,178	16,021	21,106	21,106	14,027	14,367	14,831
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	2,664	-	5,000	818	818	-	-	-
Infrastructure	23,937	15,838	10,178	21,221	30,478	30,478	19,653	14,367	14,831
Community	990	151	1	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	392	1,490	666	981	981	232	246	260
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	23,937	202	-	200	8,554	8,554	5,626	-	-
Infrastructure - Electricity	-	61	-	-	-	-	-	-	-
Infrastructure - Water	-	13,011	10,178	16,021	21,106	21,106	14,027	14,367	14,831
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	2,664	-	5,000	818	818	-	-	-
Infrastructure	23,937	15,838	10,178	21,221	30,478	30,478	19,653	14,367	14,831
Community	990	151	1	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	392	1,490	666	981	981	232	246	260
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	24,927	16,481	11,669	21,887	31,459	31,459	19,885	14,613	15,092
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	25,468	25,439	25,411	29	29	29	29	31	33
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	493	647	669	524	524	524	524	555	569
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	25,961	26,087	26,080	553	553	553	553	586	621
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	10,150	11,272	19,854	3,964	3,946	3,946	4,205	4,457	4,721
Repairs and Maintenance by Asset Class	838	3,282	1,350	1,824	1,067	1,067	1,179	1,249	1,824
Infrastructure - Road transport	-	750	29	30	1	1	70	74	579
Infrastructure - Electricity	81	71	77	33	11	11	22	23	25
Infrastructure - Water	42	794	109	180	109	109	115	122	129
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	177	844	-	-	-	-	-	-	-
Infrastructure	301	2,459	215	243	120	120	207	219	733
Community	130	128	312	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	407	695	823	1,581	947	947	972	1,030	1,092
TOTAL EXPENDITURE OTHER ITEMS	10,988	14,554	21,203	5,768	5,013	5,013	5,384	5,706	6,545

EC109 Kou-Kamma - Table A10 Basic service delivery measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
Water:									
Piped water inside dwelling				8,765	8,765	8,765	9,291	9,848	10,439
Piped water inside yard (but not in dwelling)				520	520	520	551	584	619
Using public tap (at least min.service level)				-	-	-	-	-	-
Other water supply (at least min.service level)				83	83	83	88	93	99
<i>Minimum Service Level and Above sub-total</i>	-	-	-	9,368	9,368	9,368	9,930	10,526	11,157
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	9,368	9,368	9,368	9,930	10,526	11,157
Sanitation/sewerage:									
Flush toilet (connected to sewerage)				7,531	7,531	7,531	7,983	8,462	8,970
Flush toilet (with septic tank)				1,234	1,234	1,234	1,308	1,387	1,470
Chemical toilet									
Pit toilet (ventilated)				603	603	603	639	678	718
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	9,368	9,368	9,368	9,930	10,526	11,157
Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	9,368	9,368	9,368	9,930	10,526	11,157
Energy:									
Electricity (at least min.service level)				21	21	21	22	24	25
Electricity - prepaid (min.service level)				1,422	1,422	1,422	1,507	1,598	1,694
<i>Minimum Service Level and Above sub-total</i>	-	-	-	1,443	1,443	1,443	1,530	1,621	1,719
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	1,443	1,443	1,443	1,530	1,621	1,719
Refuse:									
Removed at least once a week				9,368	9,368	9,368	9,930	10,526	11,157
<i>Minimum Service Level and Above sub-total</i>	-	-	-	9,368	9,368	9,368	9,930	10,526	11,157
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	9,368	9,368	9,368	9,930	10,526	11,157
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)				2,307	2,307	2,307	2,445	2,592	2,748
Sanitation (free minimum level service)				2,307	2,307	2,307	2,445	2,592	2,748
Electricity/other energy (50kwh per household per month)				457	457	457	484	513	544
Refuse (removed at least once a week)				2,307	2,307	2,307	2,445	2,592	2,748
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)				119	119	119	126	134	142
Sanitation (free sanitation service)				2,935	2,935	2,935	3,111	3,297	3,495
Electricity/other energy (50kwh per household per month)				274	274	274	291	308	327
Refuse (removed once a week)				1,273	1,273	1,273	1,350	1,431	1,517
Total cost of FBS provided (minimum social p	-	-	-	4,601	4,601	4,601	4,877	5,170	5,480
Highest level of free service provided									
Property rates (R value threshold)				1,760,979	1,760,979	1,760,979	1,866,638	1,978,636	2,097,354
Water (kilolitres per household per month)				13,842	13,842	13,842	14,673	15,553	16,486
Sanitation (kilolitres per household per month)				-	-	-	-	-	-
Sanitation (Rand per household per month)				244,542	244,542	244,542	259,215	274,767	291,253
Electricity (kwh per household per month)				15,995	15,995	15,995	16,955	17,972	19,050
Refuse (average litres per week)				-	-	-	-	-	-

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations (MBRR) states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

2.1.1 Budget Process Overview

In terms of Section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor conducted the IDP consultations in all the wards.

- 24 January 2014 – Council considered the 2013/14 Mid-year Review
- 28 March 2014 – Tabling in Council of the Draft 2014/IDP and 2014/MTREF for public consultation;
- 02 May 2014- Closing date for written comments;
- 29 May 2014 – Tabling of the 2014/15 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle had the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- Review of the performance management and monitoring processes.

The IDP has been taken into business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2013/14 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustment budget and performance against the SDBIP.
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circular 58, 59, 66, 67 and 70 has been taken into consideration in planning and prioritisation process.

2.1.4 Community Consultation

The draft 2014/15 MTREF will be tabled before Council on the 25th of March 2014. Thereafter, the draft budget was made available on the municipal website, municipal offices and libraries in order to invite the public to submit their comments on the proposed budget. Community meetings were held to obtain comments from the public.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of the political incumbents. The plan aligns the resources and the resources and the Municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide Vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim at to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of National and Provincial importance should be reflected in the IDP of the Municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of National and Provincial importance. One of the key objectives is therefore to ensure that there exists alignment between National and Provincial priorities, policies and strategies and the Municipality's response to these requirements.

The National and Provincial priorities, policies and strategies of importance include inter alia

- Green Paper on National Strategic Planning of 2009
- Government Programme of Action
- Development Facilitation Act of 1995
- Provincial Growth and Development Strategy (PGDS)
- National and Provincial Spatial Development Perspectives
- Relevant Sector plans such as transportation, legislation and policy.
- National Key Performance Indicators

- Accelerated and Shared Growth Initiative (ASGISA)
- National 2014 Vision
- National Development Perspective (NSDP) and
- The National Priority Outcomes
- National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but also conduct its affairs in a manner which is consistent with its IDP.

Table 19 IDP Strategic Objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of National and Provincial government. All sphere of government place high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance area to achieve the strategic objectives.

The 2014/15 MTREF has therefore been directly informed by the IDP revision process

Table 20 MBRR Table SA4- Reconciliation between the IDP strategic objectives and budgeted revenue

EC109 Kou-Kamma - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2013/14 Strategic Objectives and Budget (Revenue)						2014/15 Medium Term Revenue & Expenditure Framework		
			2010/11	2011/12	2012/13	Current Year 2013/14			Budget Year	Budget Year	Budget Year
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	2014/15	+1 2015/16	+2 2016/17
Municipal Transformation and Institutional Development			11,039	2,945	20,880	21,953	21,953	21,953	23,912	26,511	27,859
Basic Service Delivery and Infrastructure Investment			3,441	53,847	52,642	58,533	84,905	84,905	56,244	51,217	53,676
Financial Viability, Management and Sustainability			51,795	27,161	35,040	25,748	25,769	25,769	25,543	25,533	28,107
Local Economic Development			562	1,257	-	-	429	429	205	208	104
Good Governance and Public Participation			1,604	1,960	1,400	1,756	1,860	1,860	2,036	2,126	2,221
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			66,440	87,171	108,961	107,989	134,916	134,916	107,940	105,696	112,007

Table 21 MBRR Table SA5- Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC109 Kou-Kamma - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Municipal Transformation and Institutional Development			1,852	4,157	4,492	5,503	5,109	5,109	5,833	6,183	6,654
Basic Service Delivery and Infrastructure Investment			53,579	120,043	101,711	50,646	85,168	85,168	50,646	51,410	54,868
Financial Viability , Management and Sustainability			23,834	(41,932)	27,183	29,164	26,535	26,535	30,955	32,631	34,801
Local Economic Development			273	108	243	637	601	601	675	715	758
Good Governance and Public Participation			3,808	4,625	4,747	3,916	3,514	3,514	4,151	4,401	4,665
Allocations to other priorities											
Total Expenditure			83,346	87,001	138,376	90,066	120,927	120,927	92,260	95,540	101,636

Table 22 MBRR Table SA6 – Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC109 Kou-Kamma - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Supporting Table 2: Breakdown of 2012 Strategic Objectives and Budget (capital expenditure)											
Strategic Objective	Goal	Goal Code	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Municipal Transformation and Institutional Development		A	-	246	50	137	22	22	28	30	30
Basic Service Delivery and Infrastructure Investment		B	23,937	16,035	10,632	21,596	31,252	31,252	19,793	14,516	14,991
Financial Viability, Management and Sustainability		C	-	146	987	154	185	185	64	67	71
		D	-	-	-	-	-	-	-	-	-
Local Economic Development		E	-	-	-	-	-	-	-	-	-
Good Governance and Public Participation		F	990	54	-	-	-	-	-	-	-
		G									
		H									
		I									
		J									
		K									
		L									
		M									
		N									
		O									
		P									
Allocations to other priorities											
Total Capital Expenditure			24,927	16,481	11,669	21,887	31,459	31,459	19,885	14,613	15,092

2.3 Measurable performance objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

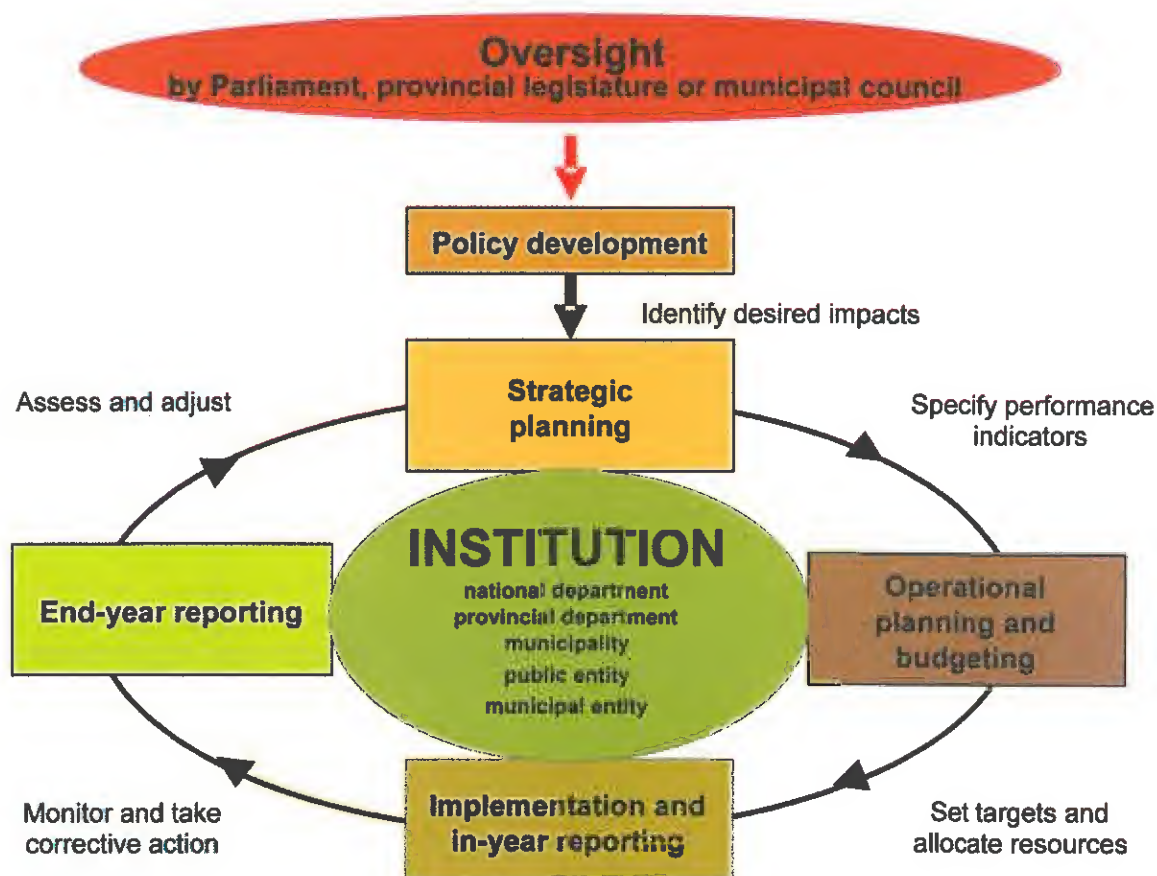


Figure: Planning, budgeting and reporting

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks)
- Monitoring (regular monitoring and checking on the progress against plan)
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement)
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury.

Table 23 MBRR Table SA8 – Performance indicators and benchmarks

EC109 Kou-Kamma - Supporting Table SA8 Performance Indicators and benchmarks

2010/11 Annual Supporting Table 01a Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.2%	0.8%	0.3%	0.2%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.5%	2.5%	1.3%	0.3%	0.1%	0.1%	0.0%	0.4%	0.4%	0.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.6	2.1	0.9	0.5	0.5	0.5	—	0.5	0.5	0.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.6	2.1	0.9	0.5	0.5	0.5	—	0.5	0.5	0.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.2	0.3	0.2	0.3	0.3	0.3	—	0.3	0.3	0.3
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	87.4%	102.8%	87.8%	91.0%	91.0%	0.0%	59.9%	63.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	90.8%	100.0%	87.8%	91.0%	91.0%	0.0%	69.3%	73.2%	71.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	8.5%	27.8%	14.4%	8.5%	6.5%	6.8%	0.0%	12.8%	13.9%	13.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		38.5%	290.9%	306.0%	#####	#####	#####	0.0%	281.8%	323.7%	343.1%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.4%	25.8%	28.0%	33.6%	24.2%	24.2%	0.0%	31.7%	34.4%	34.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.4%	27.6%	30.3%	36.1%	26.3%	26.3%		34.3%	37.3%	37.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.2%	3.1%	1.2%	1.7%	0.8%	0.8%		1.1%	1.2%	1.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	15.1%	17.6%	18.5%	3.8%	3.0%	3.0%	0.0%	4.1%	4.4%	4.4%
IDP regulation financial viability Indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	34.3	52.4	27.9	38.8	38.8	38.8	—	72.8	68.9	74.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	25.8%	108.8%	50.6%	25.5%	25.5%	25.5%	0.0%	36.3%	36.3%	36.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.8	0.9	0.6	(0.0)	(0.0)	(0.0)	—	0.9	0.8	0.8

2.4 Overview of budget related- policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council have been reviewed. While adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

2.4.2 Review of Property Rates Policy and Bylaws

The Property Rates Policy as approved by Council has been reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review to certain components like the rating of farm land to achieve a higher collection rate. By-laws have been formulated and are to be promulgated in the Provincial Government as required by Section 14 of the Property Rates Act , 2004 (Act 6 of 2004). Public hearings for the bylaws were held in all the wards.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General Inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTERF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses.
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

2.5.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over a long term. It is assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is still low. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.4 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household charge rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is greater municipal service factor than servicing individuals. Household formation rates are assumed to household dwellings. In addition the change in the number of poor households influence the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.5 Salary increases

Salary increase were budgeted at 6.79%

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, Provincial and National strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating Jobs
- Enhancing education and skill development
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of National, Provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on Operating expenditure and 98 per cent on the Capital Programme for the 2014/15 of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 248 Breakdown of operating revenue over the medium-term

DESCRIPTION R thousands	2013/14 Medium Term Revenue and Expenditure Framework		
	Budget year 2014/15	Budget year +1 2015/16	Budget year +2 2016/17
Revenue by source			
Property rates	15 259	16 175	17 145
Property – penalties & collection charges			
Service charges – electricity revenue	1 916	2 031	2 152
Service charge – refuse revenue	3 659	3 878	4 111
Rental of facilities and equipment	143	151	160
Interest earned external investment	681	722	766
Agency Fees	2 126	2 253	2 388
Sewerage and Water Tariffs	17 049	18 072	19 156
Fines	636	674	715
Licences and permits	7	8	8
Transfer recognised – Operational	59 053	56 652	59 042
Other revenue	7 411	5 079	6 362
Total Revenue (excluding capital transfers and contribution)	107 940	105 695	112 006

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its Operational Revenue from the provision of goods and services such as property rates, electricity, sanitation as well as refuse, operating and capital grants from organs of state and other minor charges (such as building plans, licences and permits etc)

The revenue strategy is a function of key components such as:

- Growth in the Municipality and Development;
- Revenue management and enhancement;
- Achievement of 95 per cent annual collection rate for consumer revenue;
- National treasure guideline;
- Electricity tariff increase within the national electricity regulator of the South Africa (NERSA)N approval;
- Achievement of the full cost recovery of specific users charges;
- Determining tariff escalating rate by establishing/ calculating requirement;
- The property Rates Policy in term of the Municipality property Rates Act 2004 (Act,2004) (MPRA), and
- And the Ability to extend new services and obtain cost recovery level

TABLE 25: Proposed Tariff increases for the 2014/15 MTREF

	Description	Percentage
Electricity		7.39 %
Sanitation		6 %
Others		6%

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step if determining if the budget is funded over the medium term> the Table below is consisting with international standards of good financial management practise and also improve understandably for councillors and management some specific features include:

- Clear separation of Receipts and Payment within cash flow
- Clear separation of capital and operating receipts from government, which is also enables cash from ratepayers and other to be provided for as cash inflow based on actual performance in other words the actual collection rate of billed revenue..
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 27 MBRR Table A8-Cash backed reserves/accumulated surplus reconciliation

EC109 Kou-Kamma - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and Investments available										
Cash/cash equivalents at the year end	15,980	5,265	5,571	(0)	(0)	(0)	-	5,571	5,571	5,571
Other current investments > 90 days	-	-	-	20,115	20,115	20,115	-	10,954	11,945	12,996
Non current assets - Investments	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:	15,980	5,265	5,571	20,115	20,115	20,115	-	16,524	17,516	18,567
Application of cash and Investments										
Unspent conditional transfers	4,515	515	5,602	45,146	45,146	45,146	-	45,146	47,854	50,726
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	1,181	(875)	4,775	6,785	6,491	6,491	-	6,258	7,459	8,114
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and Investments:	5,696	(359)	10,377	51,930	51,636	51,636	-	51,404	55,313	58,839
Surplus(shortfall)	10,284	5,625	(4,806)	(1,815)	(1,521)	(1,521)	-	(14,879)	(37,797)	(40,272)

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with Sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with Section 18 of the MFMA requirement that the municipality's budget must be 'funded'. It is also important to analyse trends to understand the consequences e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination

Table 28 MBRR Table SA10 – Funding compliance measurement
EC109 Kou-Kamma Supporting Table SA10 Funding measurement

EC109 Kou-Kamma Supporting Table SA10 Funding measurement

Cape Town Municipality - Supporting Table Data - Funding Measurement											
Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	15,980	5,285	5,571	(0)	(0)	(0)	-	5,571	5,571	5,571
Cash - investments at the year end less applications - R'000	18(1)b	10,284	5,625	(4,806)	(31,815)	(31,521)	(31,521)	-	(34,879)	(37,797)	(40,272)
Cash year end/monthly employee/supplier payments	18(1)b	2.8	0.9	0.6	(0.0)	(0.0)	(0.0)	-	0.9	0.8	0.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	41,773	19,270	(28,415)	17,922	27,513	27,513	-	15,680	10,156	10,371
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	14.5%	8.8%	9.0%	(6.2%)	(6.0%)	(106.0%)	0.1%	(0.0%)	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	100.0%	89.7%	100.0%	87.8%	81.0%	81.0%	0.0%	68.3%	72.2%	70.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	59.9%	(34.7%)	60.8%	7.2%	28.8%	28.8%	0.0%	24.5%	24.5%	24.5%
Capital payments % of capital expenditure	18(1)c;19	98.9%	86.7%	101.4%	81.3%	56.6%	56.6%	0.0%	102.5%	147.8%	151.8%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't legislated/gazetted allocations	18(1)a								0.0%	0.0%	0.0%
Current consumer debtors % change - incor(decor)	18(1)a	N.A.	403.1%	(48.2%)	(42.2%)	0.0%	0.0%	(100.0%)	51.1%	6.0%	6.0%
Long term receivables % change - incor(decor)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	0.4%	1.1%	0.5%	0.8%	0.4%	0.4%	0.0%	0.5%	0.5%	0.6%
Asset renewal as % of capital budget	20(1)(v)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incor Service charges - refuse revenue	18(1)a		0.0%	0.0%	16.9%	0.0%	0.0%	(100.0%)	6.0%	6.0%	6.0%
% incor in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	22,655	27,203	31,258	35,911	35,852	35,852	-	38,026	40,307	42,726
Service charges		22,498	27,118	31,127	35,803	35,715	35,715	-	37,883	40,168	42,585
Property rates		7,943	11,155	13,443	14,896	14,396	14,396	-	15,259	16,175	17,145
Service charges - electricity revenue		14,555	15,962	1,677	2,038	1,784	1,784	-	1,916	2,031	2,162
Service charges - water revenue	-	-	-	6,872	7,838	8,318	8,318	-	8,818	9,347	9,907
Service charges - sanitation revenue	-	-	-	6,183	7,580	7,766	7,766	-	8,231	8,725	9,249
Service charges - refuse removal	-	-	-	2,952	3,462	3,462	3,462	-	3,858	3,878	4,111
Service charges - other	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		157	85	131	108	137	137	-	143	151	160
Capital expenditure excluding capital grant funding	-	-	314	251	866	1,914	1,914	-	232	246	260
Cash receipts from ratepayers	18(1)a	30,712	27,294	34,841	42,682	42,682	42,682	-	33,383	36,386	37,509
Ratepayer & Other revenue	18(1)a	30,711	30,434	34,841	48,631	46,908	46,908	-	48,859	49,016	52,935
Change in consumer debtors (current and non-current)		17,742	23,565	(13,594)	(6,673)	(6,673)	(6,673)	(15,817)	4,674	529	879
Operating and Capital Grant Revenue	18(1)a	32,383	74,637	58,653	98,879	98,879	98,879	-	59,053	58,652	59,042
Capital expenditure - total	20(1)(v)	24,927	16,481	11,669	21,887	31,459	31,459	-	19,885	14,613	15,092
Capital expenditure - renewal	20(1)(v)	-	-	-	-	-	-	-	-	-	-
Supporting benchmarks											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.8%	5.4%
DoRA operating grants total MFY											
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									-	-	-
Average annual collection rate (arrears inclusive)											
DoRA operating											
List operating grants											

2.6.4 Funding Compliance measurement

National Treasury requires that the municipality assesses its financial sustainability against fourteen different measures that look at various aspects of the financial health of that municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of finance performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with Section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash back reserves/surplus is contained in Table 16. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been exclusively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.4.7 Debt impairment expense as percentage of billable

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenue).

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measure is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from National and Provincial Government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change(Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.7 Expenditure on grants and reconciliation of unspent funds
Table 29 Expenditure on grant transfers and grant programmes

EC109 Kou-Kamma - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	26,504	28,952	32,510	34,924	34,924	34,924	37,618	40,487	42,498
Local Government Equitable Share	22,754	25,912	29,210	31,384	31,384	31,384	33,884	37,570	39,380
Finance Management	3,000	1,250	1,500	1,650	1,650	1,650	1,800	1,950	2,100
Municipal Systems Improvement	750	790	800	890	890	890	934	967	1,018
EPWP Incentive		1,000	1,000	1,000	1,000	1,000	1,000		
Other transfers/grants [insert description]									
Provincial Government:	-	-	-	5,500	30,932	30,932	932	932	932
Housing				-	30,000	30,000			
Fire and Rescue Services				5,500	-	-			
Library Subsidies					932	932	932	932	932
District Municipality:	-	-	-	-	2,299	2,299	-	-	-
Environmental Health service					816	816			
Cacadu District(CDM)					1,483	1,483			
Other grant providers:	-	-	-	-	337	337	112	110	-
LED Assistance					221	221	112	110	
DPLG IDP					116	116			
Total operating expenditure of Transfers and Grants	26,504	28,952	32,510	40,424	68,491	68,491	38,562	41,529	43,430
Capital expenditure of Transfers and Grants									
National Government:	10,752	14,643	17,763	16,864	30,388	30,388	20,391	15,123	15,612
Municipal Infrastructure Grant (MIG)	10,752	14,643	17,763	16,864	21,949	21,949	14,765	15,123	15,612
Disaster Recovery Grant				-	8,439	8,439	5,626		
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
Environmental Health service									
Other grant providers:	-	-	-	-	-	-	-	-	-
LED Assistance									
Total capital expenditure of Transfers and Grants	10,752	14,643	17,763	16,864	30,388	30,388	20,391	15,123	15,612
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	37,256	43,595	50,273	57,288	98,879	98,879	58,953	56,652	59,042

2.8 Councillor and Employee Benefits

Table 30 MBRR Table SA22 – Summary of councillor and staff benefits

EC109 Kou-Kamma - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	1,425	1,431	1,823	1,941	1,941	1,941	2,039	2,181	2,291
Pension and UIF Contributions									
Medical Aid Contributions									
Motor Vehicle Allowance	87	169	576	621	621	621	652	691	732
Cellphone Allowance	529	689	139	154	154	154	162	171	182
Housing Allowances									
Other benefits and allowances				53	53	53	55	59	62
Sub Total - Councillors	2,042	2,289	2,539	2,769	2,769	2,769	2,907	3,082	3,266
% increase		12.1%	10.9%	9.1%	-	-	5.0%	6.0%	6.0%
Senior Managers of the Municipality									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	-	-	-	-	-	-	-	-	-
% increase									
Other Municipal Staff									
Basic Salaries and Wages	13,121	18,623	21,324	23,818	20,641	20,641	22,943	24,409	25,970
Pension and UIF Contributions	1,892	2,344	3,009	3,731	3,163	3,163	3,258	3,466	3,688
Medical Aid Contributions	711	1,008	1,301	1,637	1,454	1,454	1,479	1,574	1,675
Overtime	241	835	1,518	1,487	1,678	1,678	1,782	1,906	2,028
Performance Bonus			345	565	398	398	425	452	481
Motor Vehicle Allowance	2,186	1,279	2,284	2,304	2,593	2,593	2,769	2,946	3,135
Cellphone Allowance	47	69	92	89	145	145	155	165	175
Housing Allowances	678	91	136	191	237	237	245	261	278
Other benefits and allowances	2,130	2,745	714	2,401	2,184	2,184	900	957	1,019
Payments in lieu of leave			38	19	19	19	20	21	22
Long service awards			39	10	152	152	162	172	183
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	20,806	26,984	30,799	36,232	32,663	32,663	34,147	36,330	38,654
% increase		29.7%	14.1%	17.6%	(9.9%)	-	4.5%	6.4%	6.4%
Total Parent Municipality	22,848	29,283	33,338	39,001	35,432	35,432	37,054	39,412	41,920
		28.2%	13.8%	17.0%	(9.2%)	-	4.6%	6.4%	6.4%

Table 30 MBRR Table SA23 – Salaries, benefits and allowances of councillors, directors (senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<u>Councillors</u>							
Speaker	1	476,012		179,544			655,556
Chief Whip	1	142,804		68,469			211,273
Executive Mayor							-
Deputy Executive Mayor							-
Executive Committee							-
Total for all other councillors	9	1,285,236		616,221			1,901,457
Total Councillors	11	1,904,052	-	864,234			2,768,286
<u>Senior Managers of the Municipality</u>							
Municipal Manager (MM)	1	692,741		298,056			990,797
Chief Finance Officer	1	658,539		134,400			792,939
Director: Corporate Services	1	606,939		186,000			792,939
Director: Strategic Services	1	502,539		284,400			786,939
Director: Community and Social Services	1	553,863		239,076			792,939
Director: Technical Services	1	519,145		226,800			745,945
<i>List of each official with packages >= senior manager</i>							
							-
							-
							-
							-
							-
							-
							-
							-
							-
							-
Total Senior Managers of the Municipality	6	3,533,768	-	1,368,732	-		4,902,500

2.8.2 Summary of Personnel numbers

Table 30 MBRR Table SA24 – Summary of Personal Numbers

EC109 Kou-Kamma - Supporting Table SA24 Summary of personnel numbers

Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	11	1	10	11	1	10	11	1	10
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6		6	6		6	6		6
Other Managers	9	7		9	7		9	7	
Professionals	28	27	-	28	26	-	28	26	-
Finance	3	3		3	3		3	3	
Spatial/town planning									
Information Technology	1	1		1	1		1	1	
Roads	1	1		1	1		1	1	
Electricity	1	1		1	1		1	1	
Water	2	1		2	1		2	1	
Sanitation									
Refuse	2	2		2	2		2	2	
Other	18	18		18	17		18	17	
Technicians	2	2	-	2	2	-	2	2	-
Finance									
Spatial/town planning									
Information Technology									
Roads	1	1		1	1		1	1	
Electricity									
Water	1	1		1	1		1	1	
Sanitation									
Refuse									
Other									
Clerks (Clerical and administrative)	38	39		39	39		43	39	
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	40	38		41	38		41	38	
Elementary Occupations	52	32		52	32		52	32	
TOTAL PERSONNEL NUMBERS	187	146	16	188	145	16	192	145	16

**2.9 Table SA 26 consolidated budgeted monthly revenue and expenditure
(municipal vote)**

EC109 Kou-Kemba - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote															
Vote 1 - EXECUTIVE & COUNCIL												25,993	25,993	26,796	30,171
Vote 2 - FINANCE & ADMINISTRATION												25,498	25,498	25,485	28,056
Vote 3 - PLANNING & DEVELOPMENT												205	205	208	104
Vote 4 - HEALTH												-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES												-	-	-	-
Vote 6 - HOUSING												2,113	2,113	1,124	1,135
Vote 7 - PUBLIC SAFETY												-	-	-	-
Vote 8 - SPORT & RECREATION												6,952	6,952	674	716
Vote 9 - ENVIRONMENTAL PROTECTION												-	-	-	-
Vote 10 - WASTE MANAGEMENT												-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT												4,123	4,123	4,395	4,652
Vote 12 - ROAD TRANSPORT												9,320	9,320	9,936	10,516
Vote 13 - WATER												2,864	2,864	3,009	3,169
Vote 14 - ELECTRICITY												26,060	26,090	26,859	27,889
Vote 15 - OTHER												4,782	4,782	5,220	5,497
Total Revenue by Vote	-	-	-	-	-	-	-	-	-	-	-	107,940	107,940	105,686	112,007
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE & COUNCIL												9,088	9,088	9,652	10,253
Vote 2 - FINANCE & ADMINISTRATION												27,853	27,853	28,325	29,982
Vote 3 - PLANNING & DEVELOPMENT												1,988	1,989	2,107	2,124
Vote 4 - HEALTH												-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES												-	-	-	-
Vote 6 - HOUSING												5,243	5,243	4,454	4,677
Vote 7 - PUBLIC SAFETY												324	324	345	367
Vote 8 - SPORT & RECREATION												4,065	4,065	4,323	4,567
Vote 9 - ENVIRONMENTAL PROTECTION												89	89	94	100
Vote 10 - WASTE MANAGEMENT												-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT												8,360	8,360	8,869	9,408
Vote 12 - ROAD TRANSPORT												10,309	10,309	10,833	11,595
Vote 13 - WATER												5,561	5,561	5,862	6,728
Vote 14 - ELECTRICITY												13,604	13,804	14,432	15,313
Vote 15 - OTHER												5,777	5,777	6,125	6,404
Total Expenditure by Vote	-	-	-	-	-	-	-	-	-	-	-	92,360	92,360	95,540	101,636
Surplus/(Deficit) before assoc.	-	-	-	-	-	-	-	-	-	-	-	15,680	15,680	10,196	10,371
Taxation												-	-	-	-
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-	-	15,680	15,680	10,196	10,371

2.9.1 Table SA 28 consolidated budgeted monthly capital expenditure (municipal vote)

EC109 Kou-Kamma - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE & COUNCIL													-	-	-
Vote 2 - FINANCE & ADMINISTRATION													-	-	-
Vote 3 - PLANNING & DEVELOPMENT													-	-	-
Vote 4 - HEALTH													-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES													-	-	-
Vote 6 - HOUSING													-	-	-
Vote 7 - PUBLIC SAFETY													-	-	-
Vote 8 - SPORT & RECREATION													-	-	-
Vote 9 - ENVIRONMENTAL PROTECTION													-	-	-
Vote 10 - WASTE MANAGEMENT													-	-	-
Vote 11 - WASTE WATER MANAGEMENT													-	-	-
Vote 12 - ROAD TRANSPORT													-	-	-
Vote 13 - WATER													-	-	-
Vote 14 - ELECTRICITY													-	-	-
Vote 15 - OTHER													-	-	-
Capital multi-year expenditure sub-total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated															
Vote 1 - EXECUTIVE & COUNCIL	7				7			7		7			28	30	31
Vote 2 - FINANCE & ADMINISTRATION	21		21				21						84	87	71
Vote 3 - PLANNING & DEVELOPMENT													-	-	-
Vote 4 - HEALTH													-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES													-	-	-
Vote 6 - HOUSING													-	-	-
Vote 7 - PUBLIC SAFETY		1,880		1,880		1,880							5,641	16	17
Vote 8 - SPORT & RECREATION													-	-	-
Vote 9 - ENVIRONMENTAL PROTECTION							25						25	27	28
Vote 10 - WASTE MANAGEMENT													-	-	-
Vote 11 - WASTE WATER MANAGEMENT													-	-	-
Vote 12 - ROAD TRANSPORT													-	-	-
Vote 13 - WATER	-	2,354	1,177	-	2,354	-	-	1,177	3,532	1,177	2,354	(0)	14,127	14,473	14,944
Vote 14 - ELECTRICITY													-	-	-
Vote 15 - OTHER													-	-	-
Capital single-year expenditure sub-total	28	4,235	1,198	1,880	2,361	1,880	46	1,184	3,532	1,184	2,354	(0)	19,885	14,513	15,062
Total Capital Expenditure	28	4,235	1,198	1,880	2,361	1,880	46	1,184	3,532	1,184	2,354	(0)	19,885	14,513	15,062

2.10 Annual budgets and SDBPs

The service delivery and budget implementation plans have been drafted and are aligned to the IDP, Performance Agreements and Budget. This will be finalized by June 2014.

2.11 Contracts having future budgetary implications

There are no contracts having future budgetary implications,

2.12 Legislative compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. in year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis; Section 71 reporting has progressively improved.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship Programme and has employed five interns undergoing training in various divisions of the BTO and also CMPD.

3. Budget and Treasury Office

The Budget and Treasury office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Budget Implementation Plan

The detailed SDBIP document will be drafted and will be aligned and be informed by the 2014/15 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

Table 38 MBRR Table SA1 – Supporting detail to budgeted financial performance

2.13 Other Supporting Documentation
Table 38 MBRR Table SA1—Supporting detail to budgeted financial performance

[illegible]

Table 35 MBRR Table SA2 – Supporting detail to Statement of Financial Performance

EC109 Kou-Kamma - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE & ADMINISTRA TION	Vote 3 - PLANNING & DEVELOPME NT	Vote 4 - HEALTH	Vote 5 - COMMUNITY & SOCIAL SERVICES	Vote 6 - HOUSING	Vote 7 - PUBLIC SAFETY	Vote 8 - SPORTS & RECREATIO N	Vote 9 - ENVIRONMENT AL PROTECTION	Vote 10 - WASTE MANAGEMENT	Vote 11 - WASTE WATER MANAGEMENT	Vote 12 - ROAD TRANSPORT	Vote 13 - WATER	Vote 14 - ELECTRICIT Y	Vote 15 - OTHER	Total
R thousand																
Revenue By Source																
Property rates		15,256														15,259
Property rates - penalties & collection charges																-
Service charges - electricity revenue														1,916		1,916
Service charges - water revenue													8,818			8,818
Service charges - sanitation revenue																8,231
Service charges - refuse revenue										3,658	8,231					3,658
Service charges - other																-
Rental of facilities and equipment	45				97											142
Interest earned - external investments			681													681
Interest earned - outstanding debtors																-
Dividends received																-
Fees							635									635
Licences and permits					7											7
Agency services					76			690				2,128				2,128
Other revenue	5	4,398	93		76					2	10		2,127	12		7,411
Transfers recognised - operational	25,943	4,508	112		1,932		5,620			482	1,078		18,537	2,865		68,063
Gains on disposal of PPE																-
Total Revenue (including capital transfers and	26,993	24,163	886	-	2,118	-	6,302	-	-	4,122	9,328	2,128	27,492	4,762	-	107,340
Expenditure By Type																
Employee related costs	5,168	9,628	1,702		3,068	322	3,479			2,028	1,377	3,435	3,850	350		34,214
Reimbursement of councillors	2,907															2,907
Debt impairment		546								1,726	3,883		3,156			8,319
Depreciation & asset impairment		124								1,642	376	971	1,092			4,205
Finance charges		185														185
Bulk purchases														2,055		2,057
Other materials																-
Contracted services	405	1,925								422	372					3,185
Transfers and grants		5,710	112		1,932					1,478	3,284		3,306	750		17,572
Other expenditure	544	9,181	159		244	2	585	89		953	1,077	418	3,759	1,634		18,591
Losses on disposal of PPE																-
Total Expenditure	8,088	28,299	1,989	-	5,243	324	4,063	89	-	8,249	10,809	4,823	14,946	4,788	-	62,288
Surplus/(Deficit)	18,907	(4,136)	(1,103)	-	(2,130)	(324)	2,239	(89)	-	(4,126)	(981)	(2,697)	12,486	(5)	-	15,880
Transfers recognised - capital																-
Contributions recognised - capital																-
Contributed assets																-
Surplus/(Deficit) after capital transfers & contributions	18,907	(4,136)	(1,103)	-	(2,130)	(324)	2,239	(89)	-	(4,126)	(981)	(2,697)	12,486	(5)	-	16,680

Table 35 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC109 Kou-Kamma - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days	6,630			20,000	20,000	20,000		16,000	16,960	17,978
Other current investments > 90 days										
Total Call investment deposits	6,630	-	-	20,000	20,000	20,000	-	16,000	16,960	17,978
Consumer debtors										
Consumer debtors	87,205	18,064	20,134	104,086	104,086	104,086		110,418	117,043	124,066
Less: Provision for debt impairment	(82,919)	(2,821)	(8,096)	(94,942)	(94,942)	(94,942)		(96,600)	(102,396)	(108,540)
Total Consumer debtors	4,286	15,264	12,038	9,144	9,144	9,144	-	13,818	14,647	15,526
Debt impairment provision										
Balance at the beginning of the year										
Contributions to the provision								1,658	5,796	6,144
Bad debts written off										
Balance at end of year	-	-	-	-	-	-	-	1,658	5,796	6,144
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	253,303	315,055	308,469	295,199	295,199	295,199		314,627	333,506	353,515
Leases recognised as PPE										
Less: Accumulated depreciation	40,481	16,063	18,119	52,410	52,410	52,410		56,651	60,050	63,654
Total Property, plant and equipment (PPE)	212,823	298,992	290,350	242,789	242,789	242,789	-	257,976	273,456	289,861
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities		194	260							
Total Current liabilities - Borrowing	-	194	260	-	-	-	-	-	-	-
Trade and other payables										
Trade and other creditors	6,314	15,315	17,047	14,811	14,811	14,811		15,699	18,033	19,116
Unspent conditional transfers	4,515	515	5,602	45,146	45,146	45,146		45,146	47,854	50,726
VAT	2,574			3,066	3,066	3,066		3,250	3,445	3,651
Total Trade and other payables	13,403	15,831	22,649	63,022	63,022	63,022	-	64,095	69,332	73,493
Non current liabilities - Borrowing										
Borrowing										
Finance leases (including PPP asset element)										
Total Non current liabilities - Borrowing	-	-	-	-	-	-	-	-	-	-
Provisions - non-current										
Retirement benefits	2,073	1,993	1,748							
List other major provision items										
Refuse landfill site rehabilitation										
Other		1,072	1,117	1,224	1,224	1,224		1,224	1,298	1,375
Total Provisions - non-current	2,073	3,066	2,865	1,224	1,224	1,224	-	1,224	1,298	1,375
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	203,163	321,258	340,528	204,017	204,017	204,017		222,235	242,035	256,951
GRAP adjustments										
Restated balance	203,163	321,258	340,528	204,017	204,017	204,017		222,235	242,035	256,951
Surplus/(Deficit)	41,773	19,270	(28,415)	17,922	27,513	27,513		15,680	10,158	10,371
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit)	244,936	340,528	312,113	221,940	231,530	231,530	-	237,915	252,193	267,322
Reserves										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves				(13,800)	(13,800)	(13,800)		(14,588)	(15,464)	(16,392)
Revaluation										
Total Reserves	-	-	-	(13,800)	(13,800)	(13,800)	-	(14,588)	(15,464)	(16,392)
TOTAL COMMUNITY WEALTH/EQUITY	244,936	340,528	312,113	208,140	217,731	217,731	-	223,327	236,727	250,930

KOUKAMMA MUNICIPALITY PROPOSED TARIFF STRUCTURE 2014/2015

RATES		2013/2014	2014/2015
Residential & Domestic		0.636100	0.674300
Commercial		0.636100	0.674300
Industrial		0.636100	0.674300
Agricultural		0.636100	0.674300
Government		0.636100	0.674300
Organs of state and other		0.636100	0.674300
Social Responsibility Rebate			0.674300
Rebate for not receiving any services from council			30%
			30%
RELIEF MEASURES			
Indigent	Rebate		
Elderly & Poor	Further Rebate	based on valuation	100%
	Further Rebate		50 000
Building clause (value R40000)		R 228.96 Per year	R 242.70 Per year
Clearance certificate		R 63.60	R 67.42 per property
Valuation Certificate		R 53.00	R 56.18 per property
Interest rate on arrears		11.00%	11.00%
Encroachment		R 165.36	R 175.28 Per year
ELECTRICITY			
		2013/2014	2014/2015
		Inclusive	BASIC
House Connection To Electricity Ring-Main			
Connection to Grid 60 AMP		R 479.52	454.28
Transport		R 273.24	258.86
20 Amp connection			
Connection to Grid: if applicable			
Transport		R 479.52 20A	454.28
Double Plug - (20A) - Material & Labour		R 273.24 20A	258.86
Transport - If 2nd trip is warranted - Viz. Replacement of		R 218.16 20A	206.68
Existing Connection			
60 Amp connection			
Connection to Grid: if applicable		R 273.24 20A	115.4
Transport			
Pre Paid 60 A - Complete Meter cost (Ready Board)		R 479.52 60A	454.28
Connection fees pre-paid (60A) - Transport & Labour		R 273.24 60A	258.86
Relocation of meter		R 1 458.00 60A	1381.26
Testing of Meter		R 912.60 60A	864.57
Testing of meter (conditional refundable - Greater than 5% variance)		R 672.84 60A	637.43
PRE-PAID Connection			
		R 501.12	474.75
			66.47
			R 541.21 All Connections

KOUKAMMA MUNICIPALITY PROPOSED TARIFF STRUCTURE 2014/2015

Normal water scarcity (October to March)			
To be implemented should Council announce that drought conditions apply			
	50%	Surcharge	50.00%
Water	0 - 6 kl	6.75	
Water	7 - 10 kl	6.40	0.95
Water	11 - 20 kl	7.28	0.90
Water	21 - 40 kl	8.95	1.02
Water	>40	11.14	1.25
Abnormal water scarcity (Period determined by Council)			
	100.00%		
Water	0 - 6 kl	8.60	1.20
Water	7 - 10 kl	8.60	1.20
Water	11 - 20 kl	9.65	1.35
Water	21 - 40 kl	11.93	1.67
Water	>40	14.91	2.09
Irrigation Fees			
Basic Out of Town area	R 858.00 Per Year	797.37	111.63
Consumption: Out of Town area	R 1 456.00	1353.51	189.49
Water Connection			
Water (15mm)	R 3 927.30	3651.70	511.24
Water (20mm)	R 4 398.00	4089.47	572.53
Water (32mm)	R 5 184.00	4820.18	674.83
Water (50mm)	R 12 881.00	11977.19	1676.81
Water (75mm)	R 23 563.00	21909.65	3067.35
Water (> 75mm)	Actual Cost + 15%		Actual Cost + 15%
Confirmation of Readings			
Testing of meter (conditionally refundable)	R 93.00 per/meter	86.84	12.16
Disconnection Fee	R 642.00 per/meter	597.37	83.63
Reconnection Fees(Incl con through non-pay	R 157.00 per/meter	145.61	20.39
	R 157.00 per/meter	145.61	20.39
Damaged/Tampered Meter/Supply Line			
Willful tampering - 1st occurrence	R 1 928.00	1792.98	251.02
Willful tampering - 2nd occurrence	R 2 827.00	2628.95	368.05
Willful tampering - 3rd occurrence	R 6 284.00	5842.98	818.02
Thereafter	Legal Action		
Damage to supply line	Actual cost + 15%		
SEWERAGE			
	2013/2014 Inclusive	BASIC	VAT 14% 2014/2015 Inclusive
Availability Charge	R 1 272.00	1178.95	165.05
Household (up to 3 toilets)	R 1 272.00	1178.95	165.05
Business (up to 3 toilets)	R 1 344.00	1252.63	175.37
Additional fee in excess of 3	R 420.70 per/toilet	391.14	54.76
Government Institutions	R 420.70 per/toilet	391.14	54.76
Industrial outflow	R 672.70 Per/100 cub m	625.53	87.57
Dumping of sewerage sludge	R 97.70 Up to 5000l	90.88	12.72
			Up to 5000l

KOUKAMMA MUNICIPALITY		PROPOSED TARIFF STRUCTURE 2014/2015
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Dumping of sewerage sludge (Old Age Home)		R 31.80 Up to 5000l	29.57	4.14	R 33.71 Up to 5000l
Suction Tanker Service					
Town Area		R 310.00 up to 5000l	288.60	40.40	R 329.00 up to 5000l
Town Area		R 429.00 up to 10 000l	399.12	55.88	R 455.00 up to 10 000l
Town Area		R 572.00 up to 15 000l	531.58	74.42	R 606.00 up to 15 000l
Town Area After Hours		R 463.00 up to 5000l	430.70	60.30	R 491.00 up to 5000l
Town Area After Hours		R 642.00 up to 10 000l	597.37	83.63	R 681.00 up to 10 000l
Town Area After Hours		R 858.00 up to 15 000l	797.37	111.63	R 909.00 up to 15 000l
Rural Area	5 000 liter	R 310.00 + R14/km	288.60	40.40	R 329.00 + R14/km
	10 000 liter	R 429.00	399.12	55.88	R 455.00 + R14/km
	15 000 liter	R 572.00	531.58	74.42	R 606.00 + R14/km
Rural Area After Hours	5 000 liter	R 463.00 + R14/km	430.70	60.30	R 491.00 + R14/km
	10 000 liter	R 642.00	597.37	83.63	R 681.00 + R14/km
	15 000 liter	R 858.00	797.37	111.63	R 909.00 + R14/km
Bucket system		R 772.00 1 bucket p/w	717.54	100.46	R 818.00 1 bucket p/w
Sewerage connection		R 1 851.00 +cost	1721.05	240.95	R 1 962.00 +cost
Sewerage blockage		R 310.00 per/hour	288.60	40.40	R 329.00 per/hour
Sewerage blockage	After hrs	R 618.00 Basic charge	574.56	80.44	R 655.00 Basic charge
Mobile Toilet rent p/m or part		R 251.00 +transport	233.33	32.67	R 266.00 +transport
Mobile Toilet Bucket removal		R 83.00	77.19	10.81	R 88.00 per removal

CLEANSING		2013/2014		2014/2015	
	Inclusive	BASIC	VAT 14%	Inclusive	
Business (2 removals per week)	R 1 092.00 3 bags p/w	1010.53	141.47	R 1 152.00 3 bags p/w	
Business (optional)	R 5 472.00 1 ton p/w	5084.21	711.79	R 5 796.00 1 ton p/w	
Household	R 552.00 1 bag p/w	515.79	72.21	R 588.00 1 bag p/w	
Household	R 372.00 Extra bag p/w	347.37	48.63	R 396.00 Extra Bag p/w	
Household (Beach/Resort)	R 756.00 Flat rate	705.26	98.74	R 804.00 Flat rate	
Out of town business and farms					
Schools & Hostels	R 3 456.00 5 bags p/w	3210.53	449.47	R 3 660.00 5 bags p/w	
Hospitals	R 1 644.00 3 bags p/w	1526.32	213.68	R 1 740.00 3 bags p/w	
	R 6 060.00 10 bags p/w	5631.58	788.42	R 6 420.00 10 bags p/w	
Garden Refuse	R 30.00 per/bag	28.07	3.93	R 32.00 per bag	
Garden Refuse	R 245.00 1 ton	228.07	31.93	R 260.00 1 ton	
Garden Refuse	R 577.00 8 ton	536.84	75.16	R 612.00 8 ton	
Dumping Site Fees					
Outside users – vehicles	R 100.00 < 1 ton	92.98	13.02	R 106.00 < 1 ton	
Outside users – trucks	R 317.00	294.74	41.26	R 336.00 1 to 4 ton	
Outside users – trucks	R 720.00 1 to 8 ton	669.30	93.70	R 763.00 5 to 8 ton	

KOUKAMMA MUNICIPALITY PROPOSED TARIFF STRUCTURE 2014/2015

Assegaiibosch domestic bulk	R 527.00	1 to 8 ton	490.35	68.65	R 559.00	1 to 8 ton
RENTALS						
2013/2014			VAT		2014/2015	
Inclusive			14%		Inclusive	
HOUSING (Unmetered Connection)			BASIC			
DEPOSIT - Church	R 74.00		68.42	9.58	R 78.00	
RENTAL - Church	R 155.00		143.86	20.14	R 164.00	
Deposit: Exhibitions, functions, choirs, videos	R 146.00		135.96	19.03	R 155.00	
RENTAL: Exhibitions, functions, choirs, videos	R 337.00		313.16	43.84	R 357.00	
DEPOSIT: Meetings	R 59.00		55.26	7.74	R 63.00	
RENTAL: Meetings	R 230.00		214.04	29.97	R 244.00	
DEPOSIT: Political meetings	R 222.00		206.14	28.86	R 235.00	
RENTAL: Political meetings	R 337.00		313.16	43.84	R 357.00	
DEPOSIT: Sports meetings	R 74.00		68.42	9.58	R 78.00	
RENTAL: Sports meetings	R 337.00		313.16	43.84	R 357.00	
DEPOSIT: Dumping site	R 0.00		0.00	0.00	R 0.00	
RENTAL: Dumping site	R 240.00 p/m		222.81	31.19	R 254.00 p/m	
DEPOSIT: Sports ground	R 210.00 plus 15% of gate		0.00	0.00	R 0.00	
RENTAL: Sports ground	R 0.00		195.61	27.39	R 223.00 plus 15% of gate	
RENTAL: Vodacom, cell c, sentech and mtn	R 0.00				R 0.00 per lease agreement	
Farm - Drie Krone	R 667.00 p/m		620.18	86.83	R 707.00 p/m	
Offices	R 982.00 p/m		913.16	127.84	R 1 041.00 p/m	
CEMETERIES (note: digging only applicable when capacity is available)						
2013/2014			VAT		2014/2015	
Inclusive			14%		Inclusive	
All areas			BASIC			
Residents single plot	R 351.00		326.32	45.68	R 372.00	
Residential double plot	R 701.00		651.75	91.25	R 743.00	
Digging of graves						
Single plot	R 1 193.00		1 109.65	155.35	R 1 265.00	
Double plot	R 1 851.00		1 721.05	240.95	R 1 962.00	
Children under 12 yrs	R 351.00		326.32	45.68	R 372.00	
Additional depth	R 231.00		214.91	30.09	R 245.00	
Open and closure of graves						
Filled grave	R 547.00		508.77	71.23	R 580.00	
Fill grave with sand	R 772.00		717.54	100.46	R 818.00	
Widen grave	R 231.00		214.91	30.09	R 245.00	
Filling of grave after hours	R 463.00		430.70	60.30	R 491.00	
Cement slabs (extra deep)	R 1 261.00		1 172.81	164.19	R 1 337.00	
Cementing of grave - resident	R 2 034.00		1 891.23	264.77	R 2 156.00	
Erection of memorials						
Exhumation & re-burial	R 2 314.00		2 151.75	301.25	R 2 453.00	
Removal of memorial slab	R 1 291.00		1 200.00	158.00	R 1 368.00	
Non-resident - Single plot						

KOUKAMMA MUNICIPALITY PROPOSED TARIFF STRUCTURE 2014/2015

Double plot	R 2 581.00	2400.00	336.00	R 2 736.00
Cementing of grave	R 2 126.00	1977.19	276.81	R 2 254.00
Additional cost to be charged in case of abnormal formations				
TOWN PLANNING	2013/2014	BASIC	VAT 14%	2014/2015 Inclusive
Zoning Certificate	R 126.00	117.54	16.46	R 134.00
SDF Full Document	R 1 050.00	976.32	136.68	R 1 113.00
SDF Colour Maps Document	R 757.00	703.51	98.49	R 802.00
SDF Colour Maps CD	R 700.00	650.88	91.12	R 742.00
Copy	Sect 8 R 7.00 Regulations/pa ge	6.14	0.86	R 7.00 Regulations/pa ge
Building line Relaxation Fees				
Erf <400m ²	R 463.00	430.70	60.30	R 491.00
Erf >401m ²	R 1 542.00	1434.21	200.79	R 1 635.00
Land Use Application				
Rezoning	R 4 207.00 incl advertisement	3911.40	547.60	R 4 459.00 incl advertisement
Departure: Sect 15(1)(a)(i)	R 4 207.00 incl advertisement	3911.40	547.60	R 4 459.00 incl advertisement
Departure: Sect 15(1)(a)(ii)	R 4 207.00 incl advertisement	3911.40	547.60	R 4 459.00 incl advertisement
Combined application: Rezoning, Sub-division, Departure & Consent use	R 5 000.00	5000.00	700.00	R 5 000.00 incl advertisement
Removal Restrictive Conditions	R 4 000.00	3508.77	491.23	R 4 000.00 incl advertisement
Consent use	R 1 052.00 incl advertisement	978.07	136.93	R 1 115.00 incl advertisement
Spaza Shop	R 400.00	371.93	52.07	R 424.00
All State / Municipal projects / applications are exempted from application fee				
Encroachment	R 1 052.00 incl advertisement	978.07	136.93	R 1 115.00 incl advertisement
Subdivision				
Up to 5 erven	R 4 207.00 incl advertisement	3911.40	547.60	R 4 459.00 incl advertisement
6 to 10 erven	R 5 188.00 incl advertisement	4823.68	675.32	R 5 499.00 incl advertisement
11 to 50 erven	R 7 712.00 incl advertisement	7171.05	1003.95	R 8 175.00 incl advertisement

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More than 50 erven	R 15 423.00 incl advertisement	14340.35	2007.65	R 16 348.00 incl advertisement
Section 23 Application	R 1 052.00	978.07	136.93	R 1 115.00 incl advertisement
Council will consider entering into a service agreement for developments bigger than 1 Ha or where it is the best option. This will be negotiated at the discretion of the Council.				
AUGMENTATION CONTRIBUTIONS WHERE THE DEVELOPER DOES NOT PROVIDE ALL SERVICES INCLUDING BULK SERVICES AND THE HOME OWNERS ASSOCIATION DOES NOT MAINTAIN ALL SERVICES INCLUDING BULK SERVICES				
Per Erf				
Water	R 3 439.00	3197.37	447.63	R 3 645.00
Sewerage	R 3 439.00	3197.37	447.63	R 3 645.00
Roads	R 1 094.00	1017.54	142.46	R 1 160.00
Refuse	R 344.00	320.18	44.83	R 365.00
BUILDING PLANS				
Applied	2013/2014		VAT	2014/2015
Incremental	Inclusive	BASIC	14%	Inclusive
Domestic and Business				
Minimum fee	274.00 R 307.00	285.09	39.91	R 325.00
Incremental Fee				
First 200m ²	13.00 R 15.00 p/m ²	14.04	1.97	R 16.00 p/m ²
Next 200 m ² up to 400 m ²	28.00 R 32.00 p/m ²	29.82	4.17	R 34.00 p/m ²
Greater than 400 m ²	54.00 R 60.00 p/m ²	56.14	7.86	R 64.00 p/m ²
Industrial, Churches, and farm stores not qualifying in terms of above.				
Minimum fee	274.00 R 307.00	285.09	39.91	R 325.00
Incremental Fee				
First 200m ²	13.00 R 15.00 p/m ²	14.04	1.97	R 16.00 p/m ²
Greater than 200 m ²	7.00 R 7.00 p/m ² + R2000	6.14	0.86	R 7.00 p/m ²
Other Structures				
Car Ports & Veranda	7.00 R 7.00 p/m ²	6.14	0.86	R 7.00 p/m ²
Informal Structure	66.00 R 74.00	68.42	9.58	R 78.00
Wind Turbines / turbine - Households				
Wind Turbines / turbine - Business	R 3 500.00	3254.39	455.61	R 3 710.00
Structures on farms known as Farm Stores - only applicable to buildings exceeding 300m ² (Milk sheds, Stores but not for packing etc of produce)	R 5 000.00	4649.12	650.88	R 5 300.00
13.00 R 15.00		14.04	1.97	R 16.00 p/m ² in respect of total structure

KOUKAMMA MUNICIPALITY PROPOSED TARIFF STRUCTURE 2014/2015

Structures in areas other than farms - Similar method of construction as that of farm sheds - only applicable to buildings exceeding 300m2 (Depots, Warehousing etc).		13.00	p/m ² in respect of total structure	14.04	1.97	R 16.00	p/m ² in respect of total structure
SUNDRIES							
COST ~ late submission in respect of any plan as set out above 4 times normal fee.							
Revised Plan			20% of original fee				20% of original fee
Re-Inspection Fees			R 228.00	212.28	29.72	R 242.00	
Plan Search Fees			R 126.00 p/h	117.54	16.46	R 134.00 p/h	
Copy of plan			Multiple of A4 + search fee				Multiple of A4 + search fee
FIRE FIGHTING SERVICES							
2013/2014				2014/2015			
Inclusive				14% Inclusive			
1. Fires				BASIC			
1. Major Spillages road or rail							
1. Vegetation fires							
Tariffs per hour or part thereof							
Major appliance (Inclusive of manpower)							
Rescue pumps/Aerial appliance			R 1 100.00	1022.81	143.19	R 1 166.00	
Auxiliary appliance (Inclusive of manpower)							
Off-Road, light/heavy rescue, hazmat units			R 499.00	464.04	64.97	R 529.00	
Service vehicles (Inclusive of manpower)							
LDV's and transporters			R 288.00	267.54	37.46	R 305.00	
Trailers & units (Inclusive of manpower)							
Fuel/hydrant trailer, BA trailer and command unit			R 145.00	135.09	18.91	R 154.00	
Personnel charges (cost if additional personnel required)							
Senior Officer			R 288.00	267.54	37.46	R 305.00	
Officers			R 145.00	135.09	18.91	R 154.00	
Fire Fighters			R 75.00	70.18	9.83	R 80.00	
Specialised consumable materials							
Non-rateable shipping fees							
Personnel Costs							
Humanitarian calls							
Motor vehicle accidents							
Rescues							
Service rendered outside area of jurisdiction							
Tariffs per hour or part thereof							
Major appliance (Inclusive of manpower)							
Rescue pumps/Aerial appliance			R 2 365.00	2199.12	307.88	R 2 507.00	
Auxiliary appliance (Inclusive of manpower)							
Off-Road, light/heavy rescue, hazmat units			R 999.00	928.95	130.05	R 1 059.00	
Service vehicles (Inclusive of manpower)							
LDV's and transporters			R 543.00	505.26	70.74	R 576.00	
Trailers & units (Inclusive of manpower)							
Fuel/hydrant trailer, BA trailer and command unit			R 290.00	269.30	37.70	R 307.00	
Personnel charges (cost if additional personnel required)							

KOUKAMMA MUNICIPALITY PROPOSED TARIFF STRUCTURE 2014/2015

Per day or part thereof	R 375.00	349.12	48.88	R 398.00
Category 3				
Use of the operational training facilities to all letting deemed to be by the manager Fire and Emergency Services, of a commercial use				
Per hour or part thereof	R 438.00	407.02	56.98	R 464.00
Category 4				
Attendance of training personnel lecturing at training courses in areas beyond the municipal limits				
Per hour or part thereof				Plus VAT
+ 25% + cost of transport and training personnel's hourly salary rate per hour or part				
Certification of approved courses				
Re-issue Certificates	R 75.00	70.18	9.83	R 80.00
Fire prevention tariff per hour or part thereof				
Renewal of licence to store petroleum	R 189.00	175.44	24.56	R 200.00
Approval of LPG installation plans	R 189.00	175.44	24.56	R 200.00
Approval of petroleum storage plans	R 189.00	175.44	24.56	R 200.00
Approval of bulk storage hazardous installation	R 538.00	500.00	70.00	R 570.00
Approval of building plans - fire protection/requirements	R 189.00	175.44	24.56	R 200.00
Inspections	R 538.00	500.00	70.00	R 570.00
Survey	R 538.00	500.00	70.00	R 570.00
Certification of premises	R 189.00	175.44	24.56	R 200.00
Issuing of control burning permits	R 189.00	175.44	24.56	R 200.00
Investigation	R 538.00	500.00	70.00	R 570.00
Lectures/evacuation drills	R 538.00	500.00	70.00	R 570.00
Issuing of certificate of competency	R 538.00	500.00	70.00	R 570.00
Public education		No charge		
Approval of rational designs	R 189.00	175.44	24.56	R 200.00
Approval of major hazardous installation reports	R 189.00	175.44	24.56	R 200.00
GENERAL				
	2013/2014	BASIC	VAT 14%	2014/2015
	Inclusive			Inclusive
Supply of information	R 155.00 p/h or part	143.86	20.14	R 164.00 p/h or part
Photostats A4	R 2.00 p/page	1.75	0.25	R 2.00 p/page
Photostats A3	R 6.00 p/page	5.26	0.74	R 6.00 p/page
Photostat colour	R 15.00 p/page	14.04	1.97	R 16.00 p/page
Faxes sent	R 15.00 1st page	14.04	1.97	R 16.00 1st page
Faxes sent	Following			
Faxes received	R 5.00 pages	4.39	0.61	R 5.00 Following pages
Telephone	R 5.00 p/page	4.39	0.61	R 5.00 p/page
Transport LDV	Actual cost			Actual cost
Transport Truck	R 12.00 per/km	11.40	1.60	R 13.00 per/km
Labour	R 21.00 per/km	19.30	2.70	R 22.00 per/km
Administration	Actual cost			Actual cost
Commission	15%			15%
	4%			4%

HUISKLIP PERMITS

Paris 2014-15

2.14 Municipal Manager's quality certificate

I, **Sabelo Nkuhlu**, Municipal Manager of Koukamma Local Municipality, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Municipal Budget and Reporting Regulations, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name SABELO NKUHLU

Municipal Manager of Koukamma Municipality (EC 109)

Signature 

Date 05 JUNE 2014

Tel No: 0422887200
Fax No. 0422880797
Private Bag X011
KAREEDOUW
6400
koukamma@koukamma.gov.za



Koukamma Municipality

Our Ref : 3/2/2/3

Your Ref:

All Correspondence must be addressed to the Municipal Manager

Office of the Municipal Manager

29 MAY 2014

EXTRACT OF MINUTES OF ORDINARY COUNCIL MEETING HELD IN KAGISO COMMUNITY HALL ON THURSDAY, 29 MAY 2014 AT 10:00

8. REPORTS BY THE MAYOR

8.2. REPORT ON THE MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR THE FINANCIAL PERIODS 2014/2015-2016/2017

Council Meeting

29 May 2014

29/05/2014:245

Ref: 3/2/2/3

Resolved

- 1.1. That the Annual Budget of the Municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification);
 - 1.1.2 Budgeted Financial Performance(revenue and expenditure by vote);
 - 1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type);and
 - 1.1.4 Multi-Year and single- year capital appropriations by municipal vote and standard classification and associated funding by source.
- 1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables
 - 1.2.1 Budgeted Financial Position

- 1.2.2 Budgeted Cash Flows;
- 1.2.3 Cash backed reserves and accumulated surplus reconciliation;
- 1.2.4 Asset Management; and
- 1.2.5 Basic service delivery measurement:

2. Council of Koukamma Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act, (Act 32 of 2000) approves:

- 2.1. the tariffs-as set out in Annexure A;
- 2.2. the tariffs for electricity- as set out in Annexure A
- 2.3. the tariffs for Sanitation and refuse- as set out in Annexure A


3. The Council, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) as amended approves the tariffs for other services,

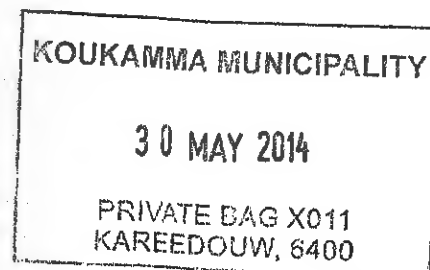
4. Council approves the related policies (inclusive of property rates charges and taxes, tariffs amendment to the budget related policies and service charges in terms of Section 24(2) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) set out in Annexure A

5. The council approves the IDP 2014/2015 in terms of s34 of the MSA (Act 32 of 2000).

6. To give proper effect to the municipality's annual budget, the Council approves:

6.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms by Regulation 8 of the Municipal Budget and Reporting Regulations (MBRR).


S. Nkomo
Municipal Manager



shop, maintenance or agency. Standard roll-up doors. R3 500 pm. Immediate occ. Call (041) 484-1848.

BUSINESS PREMISES FOR SALE

WESTBOURNE RD: Shop/office. R5.2 million. Income R54 000 p.m. Call 081-559-2248 9am - 5pm

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VEHICLES WANTED

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JUST COMMERCIAL Looking to buy or sell a business? Contact us now! Peter Tel (041) 581-6471.

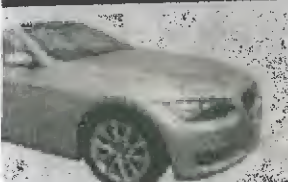
NEWTON PARK. Hair and beauty salon for sale incl. All furniture, equipment and stock, R150 000 Call Jacqui. 084-200-4404



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David 082-325-6069



MINI COOPER S
R134 990
David 082-325-6069



BMW 335 CONV A/T
R299 990
David 082-3256-069



MERCEDES BENZ C220 CDI AVANGARDE
R189 990

KOUKAMMA LOCAL MUNICIPALITY



BUDGET AND INTEGRATED DEVELOPMENT PLAN (IDP) 2014/2015

Notice is hereby given in terms of Section 21 A of the Municipal Systems Act as amended read with Section 75 A of the same Act that the Koukamma Municipal Council on 29 May 2014 in an ordinary meeting held at Kagiso Community Hall, which was open to members of the public, resolved in terms of Section 24(2) of the Municipal Finance Management Act to approve the annual budget for the 2014/2015 financial year (inclusive of property rates charges, taxes, tariffs, amendments to the budget related policies and service charges) and the revision of the Integrated Development Programme (IDP) with effect from 1 July 2014.

Council resolved and approved in terms of section 75 A of the Municipal Systems Act the levying a rate on properties as envisaged by Section 14(1) of the Municipal Property Rates Act of:

0.6743 cent in the rand

Copies of the Revised Budget (including policies and charges) and IDP as well as the resolution are available for public inspection during office hours at all the Municipal Offices of the Koukamma Municipality. The Budget and IDP documentation can also be downloaded from the municipality's website (www.koukammamunicipality.gov.za).

SABELO NCUHLU
Municipal Manager
2 June 2014

KOUH0306

3 June 2014 The Herald

